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9 JAMES MCNULTY, GARY SLIGAR, STEPHEN M.  
SCHMITZ, EDWARD A WILSON, BART P MACKAY, and  
LARRY RASKIN

**UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA**

DAVID FRANCIS, derivatively on behalf of CV SCIENCES, Inc. formerly known as, CANNAVEST CORP..

Plaintiff.

V.

7 MICHAEL MONA JR., MICHAEL MONA III,  
8 JOSEPH D. DOWLING, BART P. MACKAY,  
LARRY RASKIN, JAMES MCNULTY, GARY  
SLIGAR, STEPHEN M. SCHMITZ and  
EDWARD A. WILSON.

## Defendants.

and

CV SCIENCES, INC., formerly known as,  
CANNAVEST CORP..

### Nominal Defendant.

Case No. 2:18-cv-02284-GMN-NJK  
Judge: Hon. Gloria M. Navarro

**NOTICE OF SETTLEMENT AND  
STIPULATION AND [PROPOSED]  
ORDER CONCERNING A STAY OF  
THE ACTION**

Complaint Filed: November 30, 2018  
Trial Date: Not Set

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1 Plaintiff David Francis (“Plaintiff”) and Defendants CV Sciences, Inc. formerly known as  
 2 CannaVEST Corp. (“CV Sciences” or the “Company”), Michael Mona, Jr., Michael Mona, III,  
 3 Joseph D. Dowling, Bart P. Mackay, Larry Raskin, James McNulty, Gary Sligar, Stephen M.  
 4 Schmitz, and Edward A. Wilson (collectively, “Defendants”) hereby jointly submit this Notice of  
 5 Settlement and Stipulation and [Proposed] Order Concerning a Stay of the Action as follows:

6 WHEREAS, on or about August 24, 2018, a class action lawsuit was filed in the United States  
 7 District Court for the District of Nevada against the Company, Dowling, Mona, Jr., and Mona, III,  
 8 concerning alleged wrongdoing related to the Company’s pursuit of a patent application with the  
 9 United States Patent and Trademark Office (“USPTO”) for its product CVSI-007, styled as *In*  
 10 *re CV Sciences, Inc. Securities Litigation*, No. 2:18-cv-01602-JAD-BNW (the “Securities  
 11 Class Action”);

12 WHEREAS, on October 10, 2018, plaintiff Girard Depoti initiated a shareholder derivative  
 13 action *Depoti v. Dowling et al.*, Case No. A-18-782513-C in Clark County District Court in the State  
 14 of Nevada (the “Depoti” Action”) concerning the same or substantially similar facts to those in the  
 15 Securities Class Action;

16 WHEREAS, five additional shareholder derivative actions were filed after the Depoti Action  
 17 concerning the same or similar facts in state and federal courts in Nevada and California, specifically:  
 18 (1) *Radcliffe v. Dowling*, et al., Case No. A-19-794377-B (Nev. Dist. Ct.-Clark Cty.) (the “Radcliffe  
 19 Action”); (2) *Tarangelo v. Mona, Jr., et al.*, Case No. A-19-789153-B (Nev. Dist. Ct.-Clark Cty.)  
 20 (the “Tarangelo Action”); (3) *Francis v. Mona, Jr., et al.*, Case No. 2:18-cv-02284-GMN-NJK (D.  
 21 Nev.) (the “Francis Action”); (4) *Berry v. Dowling, et al.*, Case No. 3:20-CV-01072-AJB-DEB (S.D.  
 22 Cal.); (the “Berry Action”); and (5) *Menna v. Dowling, et al.*, Case No. 37-2021-00019613-CU-SL-  
 23 CTL (San Diego Sup. Ct.) (the “Menna Action”) (collectively with the Depoti Action the “Derivative  
 24 Actions”);

25 WHEREAS, the parties reached a settlement of the Securities Class Action in late 2021, and  
 26 such settlement was submitted to the District of Nevada and finally approved by Judge Jennifer A.  
 27 Dorsey on July 22, 2022;

1           WHEREAS, the parties in the Derivative Actions recently reached a global agreement for the  
 2 settlement of all six of the Derivative Actions, and on July 28, 2022, executed a Stipulation and  
 3 Agreement of Settlement (the “Settlement Agreement”), which is attached hereto as Exhibit 1;

4           WHEREAS, the Settlement Agreement constitutes the agreement of all parties in the six  
 5 Derivative Actions to finally settle each of the six Derivative Actions, subject to any and all necessary  
 6 court approval, and was executed in good faith by all parties following extensive negotiations;

7           WHEREAS, on July 29, 2022, with the consent of all parties in each of the Derivative  
 8 Actions, plaintiff in the Depoti Action filed an Unopposed Motion for Preliminary Approval of  
 9 Settlement (the “Motion for Preliminary Approval”) and submitted a copy of the Settlement  
 10 Agreement therewith;

11           WHEREAS, the court in the Depoti Action set a hearing on plaintiff’s Motion for Preliminary  
 12 Approval for September 15, 2022 at 9:05 a.m.;

13           WHEREAS, the parties expect that if the Depoti court preliminarily approves the Settlement  
 14 Agreement, the Depoti court will thereafter set a hearing date to consider whether finally approve  
 15 the Settlement Agreement, but the parties at present do not know when such hearing will occur;

16           WHEREAS, the parties in the six Derivative Actions, by executing the Settlement  
 17 Agreement, have consented to submission of the Settlement Agreement to the Depoti court;

18           WHEREAS, the Depoti court is the appropriate court to consider the Settlement Agreement  
 19 because the Depoti Action is the first-filed of the six Derivative Actions, the Derivative Actions  
 20 concern the same or substantially similar facts, and all parties in the six Derivative Actions stipulated  
 21 to submission of the Settlement Agreement to the Depoti court;

22           WHEREAS, the Settlement Agreement states that “[p]ending the [Depoti] Court’s  
 23 determination as to final approval of the Settlement, Plaintiffs and Plaintiffs’ Counsel, ... are barred  
 24 and enjoined from commencing, prosecuting, instigating, or in any way participating in the  
 25 commencement or prosecution of any action asserting any Released Claims against any of the  
 26 Released Parties in any court or tribunal, including, but not limited to, any of the Derivative Actions  
 27 filed” (paragraph 3.5);

1           WHEREAS, the Settlement Agreement states that “[w]ithin ten (10) days of the Execution  
 2 Date, the parties shall file stipulations in each of the respective Derivative Actions to stay each of  
 3 the respective Derivative Action pending [the Depoti] Court’s determination whether to approve the  
 4 Settlement” (paragraph 3.6);

5           WHEREAS, the Settlement Agreement states that “[w]ithin five (5) business days of the  
 6 entry of the Final Order & Judgment by the [Depoti] Court, Plaintiffs will submit notices of voluntary  
 7 dismissal in each of the other Derivative Actions” (paragraph 3.7);

8           WHEREAS, the parties agree that this action should be stayed pending final determination  
 9 of the Depoti court whether to approve the Settlement;

10          WHEREAS, the parties contemplate that if the court in the Depoti Action finally approves  
 11 the Settlement, Plaintiff in this action (and plaintiffs in each of the other Derivative Actions) will  
 12 then seek court approval and permission to voluntarily dismiss this action (and each of the other  
 13 Derivative Actions) as contemplated by the terms of the Settlement Agreement;

14          NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by Plaintiff and  
 15 Defendants, through their undersigned counsel of record and subject to the approval of the Court, as  
 16 follows:

17          1.        This action shall be stayed in its entirety. The stay of this action shall expire 30 days  
 18 after the issuance of the Depoti court of any order finally approving or rejecting the Settlement  
 19 Agreement. Any and all pending motions and hearings in this action shall be vacated. This stay shall  
 20 override and replace any current or past stay in this action.

21          ////

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1 **IT IS SO STIPULATED.**

2 Dated this 2nd day of August, 2022.

3 **LEVERTY & ASSOCIATES LAW CHTD.**

6 ***/s/Patrick R. Leverty***

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12 And

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19 *Counsel for Plaintiff*

3 **PROCOPIO, CORY,  
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STEPHEN M. SCHMITZ, EDWARD  
A WILSON, BART P MACKAY, and  
LARRY RASKIN

## ORDER

**PURSUANT TO THE PARTIES' STIPULATION, IT IS HEREBY ORDERED THAT:**

3       1. This action is hereby stayed in its entirety. The stay of this action shall expire 30 days  
4 after the issuance of the Depoti court of any order finally approving or rejecting the Settlement  
5 Agreement. Any and all pending motions and hearings in this action are hereby vacated. This stay  
6 shall override and replace any current or past stay in this action.

## **IT IS SO ORDERED.**

DATED: August 6, 2022

**HON. GLORIA M. NAVARRO  
UNITED STATES DISTRICT JUDGE**

# EXHIBIT 1

1 **ALDRICH LAW FIRM, LTD.**

2 JOHN P. ALDRICH

3 1601 S. Rainbow Blvd., Suite 160

Las Vegas, Nevada 89146

Telephone: (702) 853-5490

Facsimile: (702) 227-1975

5 **DISTRICT COURT**

6 **CLARK COUNTY, NEVADA**

7 GIRARD DEPOTI, Derivatively on Behalf of CV ) **Case No. A-18-782513-C**

8 SCIENCES, INC., )

9 Plaintiff, )

10 vs. )

11 JOSEPH DOWLING, MICHAEL J. MONA, JR., )

12 MICHAEL J. MONA, III, GARY R. SLIGAR, )

13 and JAMES A. MCNULTY, )

14 Defendants, )

15 – and – )

16 CV SCIENCES, INC., )

17 Nominal Party. )

18 \_\_\_\_\_ )

19 **STIPULATION AND AGREEMENT OF SETTLEMENT**

20 This Stipulation and Agreement of Settlement (“Stipulation”), dated July 28, 2022, is made  
21 and entered into by and among the following Parties (as defined herein), by and through their  
22 respective counsel of record: (1) plaintiffs Girard Depoti, Richard Tarangelo, John Radcliffe, David  
23 Francis, David Menna, and Phillip Berry (on behalf of themselves and derivatively on behalf of CV  
24 Sciences) (collectively “Plaintiffs”); (2) nominal defendant CV Sciences, Inc. (“CV Sciences”,  
25 “CVSI,” the “Company,” or the “Nominal Defendant”); and (3) individual defendants Joseph  
26 Dowling, Michael J. Mona, Jr., Michael J. Mona III, Gary R. Sligar, James A. McNulty, Stephen M.  
27 Schmitz, Bart P. Mackay, Larry Raskin, Edward A. Wilson, Beth Altman, Paul Blake, Terri Funk  
28 Graham, and Joseph Maroon, (collectively, the “Individual Defendants,” and together with CV

1 Sciences and Plaintiffs, the “Settling Parties”). This Stipulation is intended by the Settling Parties to  
 2 settle (1) the above-captioned stockholder derivative action (the “Depoti Action”) as well as  
 3 (2) *Radcliffe v. Dowling, et al.*, Case No. A-19-794377-B (Nev. Dist. Ct.-Clark Cty.) (the “Radcliffe  
 4 Action”); (3) *Tarangelo v. Mona, Jr., et al.*, Case No. A-19-789153-B (Nev. Dist. Ct.-Clark Cty.)  
 5 (the “Tarangelo Action”); (4) *Francis v. Mona, Jr., et al.*, Case No. 2:18-cv-02284-GMN-NJK  
 6 (D. Nev.) (the “Francis Action”); (5) *Berry v. Dowling, et al.*, Case No. 3:20-CV-01072-AJB-DEB  
 7 (S.D. Cal.); (the “Berry Action”); and (6) *Menna v. Dowling, et al.*, Case No. 37-2021 -00019613-  
 8 CU-SL-CTL (San Diego Sup. Ct.) (the “Menna Action”), and to fully, finally, and forever resolve,  
 9 discharge, and settle the Released Claims (as defined below), subject to the terms and conditions set  
 10 forth herein.

11 **I. FACTUAL AND PROCEDURAL BACKGROUND**

12 **A. Factual Background**

13 Plaintiffs, on behalf of CV Sciences, brought the respective Derivative Actions (defined  
 14 below) purportedly to remedy, among other things, alleged breaches of fiduciary duty against current  
 15 and former directors and officers of CV Sciences.

16 According to its public filings, CV Sciences has two business divisions: pharmaceuticals and  
 17 consumer products. The pharmaceutical division develops “synthetically-formulated cannabidiol-  
 18 based medicine,” while the consumer products division “delivers botanical-based cannabidiol  
 19 products that enhance quality of life.”

20 The Company’s chief pharmaceutical product is or was at the relevant times identified as  
 21 CVS-007, a chewing gum product that combines cannabidiol and nicotine in treatment of smokeless  
 22 tobacco use and addiction. The Company described CVS-007 as its “lead drug candidate” with a  
 23 market that has been estimated at “greater than \$2 billion.”

24 The Derivative Actions allege that on May 16, 2016, certain of the Individual Defendants  
 25 caused the Company to file a patent application with the US Patent Trademark Office (“USPTO”) for  
 26 CVS-007, titled “Pharmaceutical Formulations Containing Cannabidiol and Nicotine For Treating  
 27 Smokeless Tobacco Addiction.” On February 7, 2017, the Individual Defendants caused the  
 28

1 Company to file a continuing patent application under the same title, Patent #15/426,617 (the “Patent  
 2 Application”).

3 On April 27, 2017, the USPTO issued a non-final rejection on the  
 4 Company’s Patent Application and mailed CVSI a letter regarding the non-final rejection of the Patent  
 5 Application on June 6, 2017. All of the Derivative Actions allege that on December 14, 2017, the  
 6 USPTO issued a “final” rejection on the Company’s Patent Application and mailed CVSI a letter  
 7 regarding the final rejection of the Patent Application on December 20, 2017.

8 On August 20, 2018, Citron Research published a tweet alleging that the Individual  
 9 Defendants failed to disclose the December 14, 2017 “final” rejection of the Patent Application. The  
 10 Derivative Actions allege that upon publication of the tweet, CV Sciences stock “plunged” over 63%,  
 11 from \$9.20 to \$3.40.

12 **B. Procedural History**

13 i. The Depoti Action

14 The Depoti Action was commenced on October 10, 2018. The Court granted the parties’  
 15 Stipulation Concerning a Stay of the Depoti Action, which stayed the Depoti Action through the close  
 16 of fact discovery in the related Securities Class Action<sup>1</sup> and included a provision for shared discovery.  
 17 During the course of the stay, the defendants reproduced copies of documents produced in the  
 18 Securities Class Action to plaintiff. The Court has subsequently granted extensions of the stay to  
 19 permit the parties an opportunity to explore a resolution of the Depoti Action.

20 ii. The Radcliffe Action

21 The Radcliffe Action was filed on May 7, 2019. On February 7, 2020, defendants Michael  
 22 Mona, III and Michael Mona, Jr. filed an answer to the complaint. On February 24, 2020, the parties  
 23 filed a Stipulation Regarding Schedule, which the court approved on February 28, 2020, extending  
 24 the time for the remaining defendants to respond to the complaint. On April 29, 2020, July 7, 2020,  
 25 and September 4, 2020, the court approved further extensions of time to respond to allow for the

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27 <sup>1</sup> “Securities Class Action” refers to a related federal securities class action, captioned *In re CV*  
 Sciences, Inc. *Securities Litigation*, No. 2:18-cv-01602-JAD-BNW (D. Nev.)

1 parties to explore resolution of the action.

2 On September 22, 2020, the court granted the parties' Stipulation Concerning a Stay of the  
3 Radcliffe Action, which stayed the Radcliffe Action through the close of fact discovery in the related  
4 Securities Class Action and included a provision for shared discovery. During the course of the stay,  
5 the defendants reproduced copies of documents produced in the Securities Class Action to plaintiff.  
6 The parties stipulated to further stays upon extensions of fact discovery in the Securities Class Action,  
7 which the court granted on December 22, 2020, April 30, 2021, August 18, 2021, October 11, 2021,  
8 February 2, 2022.

9 On April 18, 2022, the remaining defendants (other than the Mona defendants) filed a motion  
10 to dismiss. On May 4, 2022, the court approved the parties' stipulation to extend the hearing and  
11 briefing schedule on the motion to dismiss.

### iii. The Tarangelo Action

13 On February 11, 2019, the Tarangelo Action was filed. On March 19, 2019, the parties filed  
14 a Stipulation Concerning a Stay of the Tarangelo Action, which stayed the Tarangelo Action until the  
15 close of fact discovery in the related Securities Class Action and included a provision for shared  
16 discovery. During the course of the stay, the defendants reproduced copies of documents produced  
17 in the Securities Class Action to plaintiff. Subsequent orders by the court have extended the stay in  
18 the Tarangelo Action.

#### iv. The Francis Action

20 The Francis Action was filed on November 30, 2018. Plaintiff filed an amended complaint on  
21 December 3, 2018. On February 19, 2019, the parties to the Francis Action filed a Stipulation and  
22 [Proposed] Order Concerning a Stay of the Francis Action whereby the parties agreed to stay the  
23 Francis Action until the close of fact discovery in either of two related putative class actions, including  
24 the Securities Class Action, and another action captioned *In re CannaVEST Corp. Securities*  
25 *Litigation*, Case No. 14-cv-02900, pending in the United States District Court, Southern District of  
26 New York (the “New York Action”). On March 6, 2019, the Court granted the stipulation, which  
27 included a provision for shared discovery. During the course of the stay, the defendants reproduced

1 copies of documents produced in the Securities Class Action to plaintiff.

2 On June 8, 2021, the parties to the Francis Action submitted another stipulation regarding the  
 3 stay, informing the Court that the New York Action was voluntarily dismissed in July 2019, and the  
 4 parties to the Francis Action sought to extend the stay until August 11, 2021, as they engaged in  
 5 settlement discussions and shared certain discovery from the Securities Class Action. The Court  
 6 granted the stipulation on June 11, 2021. Thereafter, the parties to the Francis Action extended the  
 7 stay of proceedings. On April 4, 2022, the parties to the Francis Action filed a Stipulation and  
 8 [Proposed] Order seeking to extend a stay of proceedings in light of certain settlement discussions,  
 9 which Court granted on April 6, 2022, extending the stay until June 6, 2022.

10 v. The Berry Action

11 On April 22, 2020, Plaintiff Berry made a formal litigation demand on the Board. Specifically,  
 12 Plaintiff Berry demanded that the Board: (i) undertake an independent investigation of the CV  
 13 Sciences officers (and others who may be similarly liable) for alleged violations of state and federal  
 14 law; and (ii) cause CV Sciences to file a complaint for breach of fiduciary duty of care, breach of  
 15 fiduciary duty of loyalty, and aiding and abetting breaches of fiduciary duties, contribution and  
 16 indemnification against Defendants Dowling, Mona Jr., and Mona III (and others who may be  
 17 similarly liable). Plaintiff Berry further demanded that the Board take a series of additional remedial  
 18 actions, including terminating certain executive officers and returning to the Company the Board's  
 19 compensation paid during the time they were allegedly in breach of their fiduciary duties.

20 On May 4, 2020, counsel for the Board responded by letter and indicated that no further action  
 21 would be taken in response to Plaintiff's Berry's demand. Plaintiff Berry commenced the Berry  
 22 Action in the U.S. District Court for the Southern District of California on June 11, 2020 (3:20-cv-  
 23 01072-JM-MDD), accordingly. Defendants filed both a motion to dismiss the Berry Action and a  
 24 motion to stay the Berry Action on August 31, 2020, which were both opposed by Plaintiff Berry and  
 25 fully briefed. On May 14, 2021, the Court entered an order denying Defendants' motion to dismiss  
 26 without prejudice and staying the Berry Action pending resolution of the Securities Class Action.

## vi. The Menna Action

On October 16, 2020, CV Sciences shareholder David Menna (“Menna”) served a books and records demand on the Board pursuant to 8 *Del. C.* § 220, requesting, among other things, Board materials concerning CVSI-007 and the Patent, purportedly in order to investigate wrongdoing, mismanagement and breaches of fiduciary duty (the “220 Demand”). By letter dated October 22, 2020, counsel for CVSI rejected the 220 Demand and declined to produce any books or records. The basis of CVSI’s rejection was the lack of a “credible basis” to support the inspection demand, as the Patent Application had, by that time, been formally granted by the USPTO.

On November 24, 2020, Menna filed an action in the Delaware Court of Chancery to enforce the 220 Demand. *Menna v. CV Sciences, Inc.*, C.A. No. 2020-1010 (Del. Ch.) (the “220 Action”). Ultimately, Menna and the Company entered into a Confidentiality and Non-Disclosure Agreement governing the production of documents (the “220 Production”). The 220 Production included documents produced to plaintiffs in the related Securities Class Action. On April 21, 2021, Menna filed a shareholder derivative complaint in the Superior Court of the State of California, County of San Diego. *Menna v. Dowling, et al.*, Case No. 37-2021 -00019613-CU-SL-CTL (San Diego Sup. Ct.) (the “Menna Action”).

## vii. Settlement Efforts in the Derivative Actions

In July 2020, Plaintiffs sent a comprehensive settlement demand to counsel for the Defendants, which Defendants responded thereto; however, the Settling Parties were unable to reach agreement at that time. At the end of 2021, the Settling Parties re-engaged in good faith settlement negotiations, both in writing and telephonically, which included exchanging various drafts of proposed corporate governance reforms, until they reached an agreement in principle to settle the Derivative Actions.

## II. PLAINTIFFS' CLAIMS, AND THE BENEFIT OF SETTLEMENT

Plaintiffs' Counsel conducted investigations relating to the claims and the underlying events alleged in the Derivative Actions, including, but not limited to: (1) reviewing and analyzing the Company's public filings with the SEC, press releases, announcements, transcripts of investor

1 conference calls, and news articles; (2) reviewing confidential non-public documents produced  
 2 pursuant to 8 Del. C. § 220 and in the related Securities Class Action; (3) researching and drafting the  
 3 complaints filed in the Derivative Actions; (4) researching applicable law with respect to the claims  
 4 in the Derivative Actions and the potential defenses thereto; (5) researching corporate governance  
 5 issues and oversight best practices generally and among CV Sciences' peer corporations; (6)  
 6 preparing extensive settlement demands; and (7) engaging in extensive settlement discussions with  
 7 Defendants' Counsel.

8 Plaintiffs believe that the claims asserted in the Derivative Actions have merit. Without  
 9 conceding the merit of any of Defendants' defenses or the lack of merit of any of Plaintiffs' own  
 10 allegations, and in light of the benefits of the Settlement, as well as to avoid the potentially protracted  
 11 time, expense, and uncertainty associated with continued litigation, including potential trials and  
 12 appeals, Plaintiffs have concluded that it is desirable that the Derivative Actions be fully and finally  
 13 settled and satisfied in the manner, and upon the terms and conditions, set forth in this Stipulation.  
 14 Plaintiffs and Plaintiffs' Counsel recognize the significant risk, expense, and length of continued  
 15 proceedings necessary to prosecute the Derivative Actions against the Defendants through trials and  
 16 possible appeals. Plaintiffs' Counsel has also taken into account the uncertain outcome and the risk  
 17 of any litigation, especially complex litigation such as the Derivative Actions, as well as the  
 18 difficulties and delays inherent in such litigation.

19 Based on Plaintiffs' Counsel's review and analysis of the relevant facts, allegations, defenses,  
 20 and controlling legal principles, Plaintiffs and Plaintiffs' Counsel believe that the Settlement set forth  
 21 in this Stipulation is fair, reasonable and adequate; confers substantial benefits upon CV Sciences and  
 22 its stockholders; and would serve the best interests of CV Sciences and its stockholders.

23 **III. DEFENDANTS' DENIAL OF WRONGDOING**

24 The Defendants dispute the allegations in the Derivative Actions. Defendants state that minute-  
 25 by-minute data indicates that nearly the entirety of the decrease in the Company's stock on August 20,  
 26 2018 occurred prior to Citron Research's tweet. Defendants also state that Citron Research's tweet  
 27 consisted exclusively of publicly available information from a screenshot of the USPTO's website.  
 28

1 which Citron Research embellished and restated in a misleading fashion for the ostensible goal of  
 2 purposefully decreasing the Company's share price as part of a short-selling scheme. Citron Research  
 3 has since been investigated by the Federal Bureau of Investigation (FBI) for its short-selling practices.  
 4 In February 2022, the FBI raided the home of Citron Research's founder and seized computers and  
 5 other information as part of its investigation. Defendants also assert that it is well-understood among  
 6 patent practitioners and the USPTO that a "final rejection" or other "office action" does not mean a  
 7 patent application is no longer "pending" or viable, as many such applications result in issued patents.  
 8 The patent application process does not end with an initial or even final rejection. Interviews and  
 9 amendments after such actions play an extremely significant role in generating patents.

10 The Defendants enter into this Stipulation without in any way acknowledging any fault,  
 11 liability, or wrongdoing of any kind. The Defendants have denied and continue to deny vigorously  
 12 each and all of the claims and contentions alleged in the Derivative Actions and assert that all claims  
 13 and contentions alleged in the Derivative Actions are completely without merit. The Individual  
 14 Defendants assert that at all relevant times, they acted in good faith and in a manner they reasonably  
 15 believed to be in the best interests of the Company and its stockholders. Further, the Individual  
 16 Defendants assert that all of the statements alleged in the Derivative Actions were true and non-  
 17 actionable, particularly in light of Defendants' success in obtaining approval by the USPTO of the  
 18 Patent Application. Finally, Defendants assert that various of the Derivative Actions would have been  
 19 stayed or consolidated (like the Berry Action was stayed) as there was no reason for the filing of  
 20 multiple duplicative derivative actions, and that any judgment in its favor would have constituted *res*  
 21 *judicata* in the other Derivative Actions.

22 The Individual Defendants are entering into the Stipulation solely because the Settlement  
 23 would eliminate the burden, expense, and uncertainties inherent in further litigation. The Individual  
 24 Defendants believe that the settlement of the Derivative Actions on the terms provided for in this  
 25 Stipulation is fair, reasonable, and adequate based upon the terms and procedures outlined herein.

26 CV Sciences acknowledges that the plaintiffs' pursuit of the Derivative Actions, and  
 27 subsequent resolution efforts were, in the aggregate, a contributing cause in the Company's  
 28

1 implementation of the reforms described in Exhibit A and that the settlement confers substantial  
2 benefits on the Company and its stockholders.<sup>2</sup>

3 **IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT**

4 Plaintiffs, the Individual Defendants, and CV Sciences, by and through their respective  
5 counsel or attorneys of record, hereby stipulate and agree that, subject to approval by the Court, in  
6 consideration of the benefits flowing to the Settling Parties hereto the sufficiency of which are hereby  
7 acknowledged, the Derivative Actions and all of the Released Claims shall be fully, finally, and  
8 forever satisfied, compromised, settled, released, discharged, and dismissed with prejudice, upon the  
9 terms and subject to the conditions set forth herein as follows:

10 **1. DEFINITIONS**

11 As used in this Stipulation, the following terms have the meaning specified below.

12 1.1. The “Depoti Action” shall have the meaning set forth above.

13 1.2. “Board” means the Board of Directors of the Company.

14 1.3. “Court” means the District Court for Clark County, Nevada.

15 1.4. The terms “Company,” “CV Sciences,” “CVSI,” or “Nominal Defendant” as defined  
16 above and used herein include all of the Company’s subsidiaries, predecessors, successors, affiliates,  
17 officers, directors, employees, and agents.

18 1.5. “Defendants” mean, collectively, the Individual Defendants and Nominal Defendant  
19 CV Sciences, Inc.

20 1.6. “Defendants’ Counsel” means Procopio, Cory, Hargreaves & Savitch LLP.

21 1.7. “Defendants’ Released Claims” means collectively all actions, suits, claims, demands,  
22 rights, liabilities, and causes of action of every nature and description whatsoever, including both  
23 known claims and Unknown Claims, asserted or that might have been asserted in any forum by

25 \_\_\_\_\_  
26 <sup>2</sup> The descriptions of Plaintiffs’ and Defendants positions in Sections II & III above were drafted by  
27 the respective parties and are expressly not adopted by the other party. The descriptions set forth in  
these sections are not to be construed as an admission of any kind, and shall not be used against any  
party in any motion, including but not limited to any motion for attorneys’ fees or other costs or  
expenses.

1 Defendants' Released Persons against Plaintiffs' Released Persons, which arise out of, are based on,  
2 or relate in any way, directly or indirectly, to the institution, prosecution, or settlement of the  
3 Derivative Actions; *provided, however*, that "Defendants' Released Claims" shall not include any  
4 claims to enforce the Settlement nor any claims to enforce any confidentiality, nondisclosure, or other  
5 agreements previously entered into by Defendants, Plaintiffs, and/or their respective counsel.

6 1.8. "Defendants' Released Persons" mean each of the Defendants, Defendants' Counsel,  
7 and, to the maximum extent permitted by law, each of their immediate family members, spouses,  
8 heirs, executors, estates, administrators, trustees, assigns, and any trusts in which Defendants, or any  
9 of them, are settlors, or which are for the benefit of any Defendants and/or members of his or her  
10 immediate family; any entity in which a Defendant, and/or members of his family has a controlling  
11 interest; each of the Defendants' present and former attorneys, legal representatives, and assigns in  
12 connection with the Depoti Action; Defendants' insurers; and all of the Company's present and  
13 former directors and officers, agents, advisors, employees, affiliates, predecessors, successors,  
14 parents, subsidiaries, and divisions.

15 1.9. "Derivative Actions" means, collectively: (1) the Depoti Action; (2) the Radcliffe  
16 Action; (3) the Tarangelo Action; (4) the Francis Action; (5) the Berry Action; and (6) the Menna  
17 Action.

18 1.10. "Effective Date" means the first date by which all of the events and conditions  
19 specified in Paragraph 6.1 herein have been met and have occurred

20 1.11. "Escrow Account" means an interest-bearing escrow account to be established and  
21 maintained by The Weiser Law Firm, P.C., as receiving agent for Plaintiffs' Counsel, for the purpose  
22 of payment of the Fee and Expense Amount, as provided in Paragraphs 5.1-5.2 of this Stipulation.

23 1.12. "Execution Date" means the date this Stipulation has been signed by all the signatories  
24 through their respective counsel.

25 1.13. "Fee and Expense Amount" means the sum to be paid to Plaintiffs' Counsel for their  
26 attorneys' fees and expenses, detailed in Paragraph 5.1-5.2 herein, subject to Court approval.

1       1.14.     “Final” means the date when the Order and Final Judgment has not been reversed,  
2 vacated, or modified in any way and is no longer subject to appellate review, either because of  
3 disposition on appeal and conclusion of the appellate process or because of passage, without action,  
4 of time for seeking appellate review. More specifically, it is that situation when (1) either no appeal  
5 has been filed and the time has passed for any notice of appeal to be timely filed in the Depoti Action;  
6 (2) an appeal has been filed and the court of appeals has either affirmed the judgment or dismissed  
7 that appeal and the time for any reconsideration or further appellate review has passed; or (3) a higher  
8 court has granted further appellate review and that court has either affirmed the underlying Order and  
9 Final Judgment or affirmed the court of appeals’ decision affirming the judgment or dismissing the  
10 appeal.

11      1.15.     “Individual Defendants” shall have the meaning set forth above.

12      1.16.     “Notice to CV Sciences Stockholders” or “Notice” means the Notice of Proposed  
13 Settlement, substantially in the form of Exhibit C attached hereto.

14      1.17.     “Order and Final Judgment” means the [Proposed] Order and Final Judgment to be  
15 rendered by the Court, substantially in the form attached hereto as Exhibit E.

16      1.18.     “Party” or “Parties” mean, collectively, each of the Plaintiffs, each of the Individual  
17 Defendants, and Nominal Defendant CV Sciences.

18      1.19.     “Person” or “Persons” means an individual, corporation, limited liability corporation,  
19 professional corporation, partnership, limited partnership, limited liability partnership, association,  
20 joint stock company, estate, legal representative, trust, unincorporated association, government or any  
21 political subdivision or agency thereof, and any business or legal entity, and their spouses, heirs,  
22 predecessors, successors, representatives, or assignees.

23      1.20.     “Plaintiffs” shall have the meaning set forth above.

24      1.21.     “Plaintiffs’ Counsel” means, collectively, (1) The Weiser Law Firm, P.C.;  
25 (2) Robbins LLP; (3) The Brown Law Firm, P.C.; (4) Johnson Fistel LLP; (5) Hynes & Hernandez  
26 LLC; (6) Bragar, Eagel & Squire, P.C.; and (7) Rigrodsky Law P.A.

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1       1.22.     “Plaintiffs’ Released Claims” means all actions, suits, claims, demands, rights,  
2     liabilities, and causes of action of every nature, and description whatsoever, including both known  
3     claims or Unknown Claims, that have been, could have been, or in the future can or might be asserted  
4     in any federal, state or foreign court, tribunal, forum or proceeding by CV Sciences, Plaintiffs’  
5     Released Persons individually or derivatively, or any current or former CV Sciences stockholder  
6     derivatively on behalf of CV Sciences, against any of Defendants’ Released Persons, based upon,  
7     arising out of, or related in any way to any of the allegations, facts, transactions, events, occurrences,  
8     acts, disclosures, statements, representations, omissions, or failures to act relating to all matters  
9     involved, set forth, referred to, or alleged in any complaint(s) filed in the Derivative Actions; *provided*  
10    *however*, that “Released Claims” shall not include any claims to enforce the Settlement.

11      1.23.     “Plaintiffs’ Released Persons” mean Plaintiffs, Plaintiffs’ Counsel and each of their  
12     immediate family members, spouses, heirs, executors, administrators, successors, trustees, attorneys,  
13     personal or legal representatives, advisors, estates, assigns, and agents thereof.

14      1.24.     “Preliminary Approval Order” means the [Proposed] Order Preliminarily Approving  
15     Settlement to be entered by the Court, substantially in the form of Exhibit B attached hereto,  
16     including, *inter alia*, preliminarily approving the terms and conditions of the Settlement as set forth  
17     in this Stipulation, directing that Notice and Summary Notice be provided to CV Sciences  
18     stockholders, and scheduling a Settlement Hearing to consider whether the Settlement and the Fee  
19     and Expense Amount should be finally approved.

20      1.25.     “Released Claims” means Defendants’ Released Claims and Plaintiffs’ Released  
21     Claims.

22      1.26.     “Released Parties” means Defendants’ Released Persons and Plaintiffs’ Released  
23     Persons.

24      1.27.     “Settlement” means the settlement documented in this Stipulation.

25      1.28.     “Settlement Hearing” means a hearing by the Court to review this Stipulation and  
26     determine: (i) whether to enter the Order and Final Judgment; and (ii) all other matters related to the  
27     Settlement that are properly before the Court.

1 1.29. "Stipulation" shall have the meaning set forth above.

2 1.30. "Summary Notice" means the Summary Notice of Proposed Settlement substantially  
3 in the form of Exhibit D attached hereto.

4 1.31. "Unknown Claims" means any of Plaintiffs' Released Claims and Defendants'  
5 Released Claims that any Party does not know or suspect exists in his, her, or its favor at the time of  
6 the Settlement, including, without limitation, those claims which, if known, might have affected the  
7 decision to enter into, or not object to, this Settlement. The Settling Parties expressly waive,  
8 relinquish, and release any and all provisions, rights, and benefits conferred by or under section 1542  
9 of the California Civil Code ("§ 1542") or any other law of the United States or any state or territory  
10 of the United States, or principle of common law, which is similar, comparable, or equivalent to  
11 § 1542, which provides:

12 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE  
13 CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO  
14 EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE,  
15 AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY  
AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED  
PARTY.

16 The Settling Parties acknowledge that they may hereafter discover facts in addition to or different  
17 from those now known or believed to be true by them, with respect to Plaintiffs' Released Claims and  
18 Defendants' Released Claims in the Settlement, as the case may be, but it is the intention of the  
19 Settling Parties to completely, fully, finally, and forever compromise, settle, release, discharge, and  
20 extinguish any and all Plaintiffs' Released Claims and Defendants' Released Claims that are known  
21 or unknown, suspected or unsuspected, contingent or absolute, apparent or unapparent, which do not  
22 exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of  
23 additional or different facts. The Settling Parties acknowledge that the foregoing waiver was  
24 separately bargained for and is a key element of the Stipulation of which this release is a part.

25 **2. Consideration**

26 2.1. The Board has agreed to adopt the corporate governance measures set forth in  
27 Exhibit A (the "Reforms"). CV Sciences shall maintain the Reforms for at least three (3) years after  
28

1 implementation.

2       2.2. CV Sciences acknowledges that the Plaintiffs' pursuit of the Derivative Actions, and  
3 subsequent resolution efforts were, in the aggregate, a contributing cause in the Company's  
4 implementation of the reforms described in Exhibit A and that the settlement confers substantial  
5 benefits on the Company and its stockholders.

6       **3. Procedure for Implementing the Settlement**

7       3.1. Within five (5) business days after the Execution Date of this Stipulation,  
8 Plaintiffs shall submit this Stipulation, together with its exhibits, to the Court and apply for entry of  
9 an Order substantially in the form of Exhibit B attached hereto (the "Preliminary Approval Order"),  
10 requesting, *inter alia*: (i) preliminary approval of the Settlement set forth in this Stipulation;  
11 (ii) approval of the method of providing notice of the proposed Settlement to Current CV Sciences  
12 Stockholders; (iii) approval of the forms of notice substantially in the form of Exhibits C & D attached  
13 hereto; and (iv) a date for the Settlement Hearing.

14       3.2. CV Sciences shall undertake the administrative responsibility for giving notice  
15 to Current CV Sciences Shareholders and shall be solely responsible for paying the costs and expenses  
16 related to providing such notice to Current CV Sciences Shareholders as described in this paragraph.  
17 Within fourteen (14) business days after the Court's entry of the Preliminary Approval Order, CV  
18 Sciences shall publish the Notice via a press release, shall file a Current Report on Form 8-K with the  
19 SEC attaching the Notice, and shall post the Notice, together with this Stipulation, on the "Investors"  
20 section of its website. Also within fourteen (14) business days after the Court's entry of the  
21 Preliminary Approval Order, CV Sciences shall publish the Summary Notice one time in the national  
22 editions of *Investor's Business Daily*. The Settling Parties believe the content of the Notice and the  
23 manner of the notice procedures set forth in this paragraph constitute adequate and reasonable notice  
24 to Current CV Sciences Stockholders pursuant to applicable law and due process.

25       3.3. At least ten (10) business days prior to the Settlement Hearing, Defendants'  
26 Counsel shall file with the Court an appropriate affidavit or declaration with respect to filing and  
27 posting the Notice.

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1           3.4.       Plaintiffs' Counsel shall request that the Court hold the Settlement Hearing at  
2 least forty-five (45) calendar days after the deadline to provide the notice described in ¶ 3.2 above to  
3 Current CV Sciences Shareholders to approve the Settlement and the Fee and Expense Amount.

4           3.5.       Pending the Court's determination as to final approval of the Settlement,  
5 Plaintiffs and Plaintiffs' Counsel, and any Current CV Sciences Stockholders, derivatively on behalf  
6 of CV Sciences, are barred and enjoined from commencing, prosecuting, instigating, or in any way  
7 participating in the commencement or prosecution of any action asserting any Released Claims  
8 against any of the Released Parties in any court or tribunal, including, but not limited to, any of the  
9 Derivative Actions filed.

10          3.6.       Within ten (10) days of the Execution Date, the parties shall file stipulations in  
11 each of the respective Derivative Actions to stay each of the respective Derivative Actions pending  
12 this Court's determination whether to approve the Settlement. Each request shall attach a copy of  
13 this Stipulation and Agreement of Settlement.

14          3.7.       Within five (5) business days of the entry of the Final Order & Judgment by  
15 the Court, Plaintiffs will submit notices of voluntary dismissal in each of the other Derivative Actions.

16          **4. Releases**

17          4.1.       Upon the Effective Date, CV Sciences, Plaintiffs, and each of CV Sciences'  
18 current and former stockholders, on behalf of themselves and their successors and assigns, shall be  
19 deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released,  
20 relinquished, and discharged the Released Claims against the Released Parties. CV Sciences,  
21 Plaintiffs, and each of CV Sciences' current and former stockholders shall be deemed to have, and by  
22 operation of the Judgment shall have, covenanted not to sue any Released Party with respect to any  
23 Released Claims, and shall be permanently barred and enjoined from instituting, commencing or  
24 prosecuting the Released Claims against the Released Parties except to (i) enforce the releases and  
25 other terms and conditions contained in this Stipulation and/or the Judgment entered pursuant thereto,  
26 and (ii) seek to obtain the dismissal of the other Derivative Actions.

27          4.2.       Upon the Effective Date, each of the Released Parties shall be deemed to have,  
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1 and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and  
 2 discharged each and all of Plaintiffs and their beneficiaries, Plaintiffs' Counsel, CV Sciences, and all  
 3 current and former CV Sciences stockholders (solely in their capacity as CV Sciences stockholders)  
 4 from any and all Defendants' Released Claims. The Released Persons shall be deemed to have, and  
 5 by operation of the Judgment shall have, covenanted not to sue Plaintiffs or their beneficiaries,  
 6 Plaintiffs' Counsel, CV Sciences, or any current or former CV Sciences stockholders (solely in their  
 7 capacity as CV Sciences stockholders) with respect to any Defendants' Released Claims, and shall  
 8 be permanently barred and enjoined from instituting, commencing, or prosecuting Defendants'  
 9 Released Claims against Plaintiffs and their beneficiaries, Plaintiffs' Counsel, CV Sciences, and all  
 10 current and former CV Sciences stockholders except to enforce the releases and other terms and  
 11 conditions contained in this Stipulation and/or the Judgment entered pursuant thereto.

12       4.3.       Nothing herein shall in any way release, waive, impair, or restrict the rights of any  
 13 of the Settling Parties to enforce the terms of the Stipulation.

14       **5. Plaintiffs' Counsel's Attorneys' Fee and Expenses**

15       5.1.       After negotiating the principal terms of the Settlement, counsel for the Settling  
 16 Parties, and the insurer, acting by and through their counsel, separately negotiated the attorneys' fees  
 17 and expenses that the Individual Defendants would pay or cause to be paid to Plaintiffs' Counsel  
 18 based on the substantial benefits conferred upon the Company by the Reforms.

19       5.2.       In consideration of the substantial benefits conferred upon the Company as a  
 20 direct result of the Settlement and the efforts of Plaintiffs and Plaintiffs' Counsel in the Derivative  
 21 Actions, the Individual Defendants shall pay or cause to be paid two hundred seventy-five thousand  
 22 dollars (\$275,000.00) to Plaintiffs' Counsel for their attorneys' fees and costs (the "Fee and Expense  
 23 Amount"), subject to Court approval.

24       5.3.       The Fee and Expense Amount awarded by the Court shall constitute final and  
 25 complete payments for Plaintiffs' attorneys' fees and expenses that have been incurred or will be  
 26 incurred in the Derivative Actions. The Fee and Expense Amount shall be funded to the Escrow  
 27 Account, to be overseen by The Weiser Law Firm, P.C., as receiving agent for Plaintiffs' Counsel,  
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1 within forty-five (45) calendar days of the entry of the Final Order and Judgment and delivery of  
2 adequate wire instructions and taxpayer identification. Plaintiffs' Counsel shall allocate the Fee and  
3 Expense Amount amongst themselves, and the Defendants shall have no involvement in or  
4 responsibility for the allocation of any attorneys' fees and expenses amongst Plaintiffs' Counsel. In  
5 the event the Final Order and Judgment does not become Final, or any part of the Fee and Expense  
6 Amount is reversed or modified on appeal, then Plaintiffs' Counsel shall refund the Fee and Expense  
7 Amount as appropriate within fifteen (15) business days from the date of the court order reducing the  
8 Fee and Expense Amount.

9           5.4.       The Settling Parties agree that Plaintiffs may apply to the Court for approval  
10 of reasonable service awards ("Service Awards") of \$1,000.00 for each Plaintiff, to be paid out of  
11 any Fee and Expense Amount approved by the Court in recognition of Plaintiffs' participation and  
12 effort in the prosecution of the Derivative Actions. The failure of the Court to approve any requested  
13 service award, in whole or in part, shall have no effect on the Settlement set forth in this Stipulation.  
14 Neither CV Sciences nor any of the Individual Defendants shall be liable for any portion of any  
15 Service Award under any circumstance.

16           **6. Conditions of Settlement, Effect of Disapproval, Cancellation, or Termination**

17           6.1.       The Effective Date of the Stipulation shall be conditioned on the occurrence of  
18 all the following events:

19           a) the entry of the Final Order and Judgment by the Court;  
20           b) the Judgment has become Final;  
21           c) the dismissal of the remaining Derivative Actions; and  
22           d) the payment of the Fee and Expense Amount in accordance with the terms detailed  
here.

24           6.2.       If any of the conditions specified in ¶ 6.1 is not met, then the Stipulation shall  
25 be canceled and terminated subject to ¶ 6.4, and the Settling Parties shall be restored to their respective  
26 positions in the Derivative Actions as of the date immediately preceding the Execution Date of this  
27 Stipulation, unless Plaintiffs' Counsel and Defendants' Counsel mutually agree in writing to proceed  
28

1 with the Stipulation.

2           6.3.       Each of the Settling Parties shall have the right to terminate the Settlement by  
 3 providing written notice of their election to do so to all other Settling Parties within twenty (20)  
 4 calendar days of the date on which: (i) the Court refuses to approve this Stipulation, or the terms  
 5 contained herein, in any material respect; (ii) the Preliminary Approval Order is not entered in  
 6 substantially the form attached as Exhibit B hereto; (iii) the Final Order and Judgment is not entered  
 7 in substantially the form attached as Exhibit E hereto; (iv) the Judgment is reversed or substantially  
 8 modified on appeal, reconsideration, or otherwise; (v) the dismissals of any of the remaining  
 9 Derivative Actions does not occur, or (vi) the Effective Date of the Settlement cannot otherwise occur;  
 10 except that such termination shall not be effective unless and until the terminating Settling Party has,  
 11 within twenty (20) calendar days of the date on which notice of the termination event has been  
 12 provided to all other Settling Parties and attempted in good faith to confer with the other Settling  
 13 Parties to attempt to remedy the issue. Any order or proceeding relating to the Fee and Expense  
 14 Amount, or any appeal from any order relating thereto or reversal or modification thereof, shall not  
 15 operate to cancel the Stipulation, nor allow for the termination of the Settlement, or affect or delay  
 16 the finality of the Judgment approving the Settlement.

17           6.4.       In the event that the Stipulation is not approved by the Court, or the Settlement  
 18 is terminated for any reason, including pursuant to ¶ 6.3 above, the Settling Parties shall be restored  
 19 to their respective positions as of the date immediately preceding the Execution Date of this  
 20 Stipulation, and all negotiations, proceedings, documents prepared and statements made in connection  
 21 herewith shall be without prejudice to the Settling Parties, shall not be deemed or construed to be an  
 22 admission by any of the Settling Parties of any act, matter, or proposition, and shall not be used in  
 23 any manner for any purpose in any subsequent proceeding in the Derivative Actions or in any other  
 24 action or proceeding. In such event, the terms and provisions of the Stipulation, with the exception  
 25 of ¶¶ 1.1-1.31, , 6.2, 8.3, 8.4, 8.5, 8.6, 8.8, 8.10, 8.12, 8.13, 8.14, 8.15, and herein, shall have no  
 26 further force and effect with respect to the Settling Parties and shall not be used in the Derivative  
 27 Actions or in any other proceeding for any purpose, and any judgment or orders entered by the Court  
 28

1 in accordance with the terms of the Stipulation shall be treated as vacated, *nunc pro tunc*.

2 **7. Bankruptcy**

3 7.1. In the event any proceedings by or on behalf of CV Sciences, whether  
4 voluntary or involuntary, are initiated under any chapter of the United States Bankruptcy Code,  
5 including any act of receivership, asset seizure, or similar federal or state law action (“Bankruptcy  
6 Proceedings”), the Settling Parties agree to use their reasonable best efforts to obtain all necessary  
7 orders, consents, releases, and approvals for effectuation of this Stipulation in a timely and  
8 expeditious manner.

9 7.2. In the event of any Bankruptcy Proceedings by or on behalf of CV Sciences,  
10 the Settling Parties agree that all dates and deadlines set forth herein will be extended for such periods  
11 of time as are necessary to obtain necessary orders, consents, releases, and approvals from the  
12 Bankruptcy Court to carry out the terms and conditions of the Stipulation.

13 **8. Miscellaneous Provisions**

14 8.1. The Settling Parties: (i) acknowledge that it is their intent to consummate this  
15 Stipulation; and (ii) agree to cooperate to the extent reasonably necessary to effectuate and implement  
16 all terms and conditions of the Stipulation and to exercise their best efforts to accomplish the  
17 foregoing terms and conditions of the Stipulation.

18 8.2. The Settling Parties agree that the terms of the Settlement were negotiated in  
19 good faith and at arm's-length by the Settling Parties and reflect a settlement that was reached  
20 voluntarily based upon adequate information and after consultation with competent legal counsel.  
21 The Settling Parties agree that each has complied fully with the applicable requirements of Rule 11  
22 of the Federal Rules of Civil Procedure and all other similar rules of professional conduct, including  
23 under California and Nevada law. The Settling Parties shall not assert any claims of any violation or  
24 take the position that the litigation was brought or defended in bad faith or in violation of Rule 11 of  
25 the Federal Rules of Civil Procedure and all other similar rules of professional conduct, including  
26 under California and Nevada law.

27 8.3. Neither the Stipulation (including any exhibits attached hereto) nor the  
28

1 Settlement, nor any act performed or document executed pursuant to or in furtherance of the  
 2 Stipulation or the Settlement: (i) is or may be deemed to be or may be offered, attempted to be offered  
 3 or used in any way against the Released Parties as a presumption, a concession or an admission of, or  
 4 evidence of, the validity, or lack thereof, of any of the Released Claims, or of any fault, wrongdoing  
 5 or liability of any of the Released Parties; or (ii) is or may be deemed to be or may be offered,  
 6 attempted to be offered or used in any way against the Released Parties as a presumption, a concession  
 7 or an admission of, or evidence of, any fault, omission, wrongdoing or liability of any of the Released  
 8 Parties in any arbitration proceeding or other civil, criminal, or administrative action or proceeding  
 9 in any court, administrative agency, or other tribunal. The Settling Parties and Released Parties may  
 10 file the Stipulation or Order and Final Judgment in any action that may be brought against them in  
 11 order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel,  
 12 release, good-faith settlement, judgment bar or reduction, or any other theory of claim preclusion or  
 13 issue preclusion or similar defense or counterclaim, to the extent applicable.

14       8.4.     The exhibits to the Stipulation are material and integral parts hereof and are  
 15 fully incorporated herein by this reference.

16       8.5.     The Stipulation may be amended or modified only by a written instrument  
 17 signed by or on behalf of all the Settling Parties or their respective successors-in-interest and with  
 18 Court approval. After prior notice to the Court, but without further order of the Court, the Settling  
 19 Parties may agree to reasonable extensions of time to carry out any provisions of this Stipulation.

20       8.6.     In the event that any part of the Settlement is found to be unlawful, void,  
 21 unconscionable, or against public policy by a court of competent jurisdiction, the remaining terms  
 22 and conditions of the settlement shall remain intact.

23       8.7.     This Stipulation and the exhibits attached hereto represent the complete and  
 24 final resolution of all disputes among the Settling Parties with respect to the Derivative Actions,  
 25 constitute the entire agreement among the Settling Parties, and supersede any and all prior  
 26 negotiations, discussions, agreements, or undertakings, whether oral or written, with respect to such  
 27 matters.

1           8.8.     The waiver by one party of any breach of the Settlement by any other party  
2 shall not be deemed a waiver of any other prior or subsequent breach of the Settlement. The  
3 provisions of the Settlement may not be waived except by a writing signed by the affected party, or  
4 counsel for that party.

5           8.9.     The headings in the Stipulation and its exhibits are used for the purpose of  
6 convenience only and are not meant to have legal effect.

7           8.10.    The Stipulation and the Settlement shall be binding upon, and inure to the  
8 benefit of, the successors and assigns of the Settling Parties and the Released Parties. The Settling  
9 Parties agree that this Stipulation will run to their respective successors-in-interest, and they further  
10 agree that any planned, proposed or actual sale, merger or change-in-control of CV Sciences shall not  
11 void this Stipulation, and that in the event of a planned, proposed or actual sale, merger, or change-  
12 in-control of CV Sciences they will continue to seek final approval of this Stipulation expeditiously,  
13 including, but not limited to, the settlement terms reflected in this Stipulation and the Fee and Expense  
14 Amount.

15           8.11.    The Stipulation and the exhibits attached hereto shall be considered to have  
16 been negotiated, executed, and delivered, and to be wholly performed, in the State of Nevada and the  
17 rights and obligations of the Settling Parties to the Stipulation shall be construed and enforced in  
18 accordance with, and governed by, the internal, substantive laws of the State of Nevada without giving  
19 effect to that State's choice of law principles. No representations, warranties, or inducements have  
20 been made to any party concerning the Stipulation or its exhibits other than the representations,  
21 warranties, and covenants contained and memorialized in such documents.

22           8.12.    This Stipulation shall not be construed more strictly against one Settling Party  
23 than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel  
24 for one of the Settling Parties, it being recognized that it is the result of arm's-length negotiations  
25 among the Settling Parties and all Settling Parties have contributed substantially and materially to the  
26 preparation of this Stipulation.

27           8.13.    Nothing in this Stipulation, or the negotiations or proceedings relating to the  
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1 Settlement, is intended to or shall be deemed to constitute a waiver of any applicable privilege or  
2 immunity, including, without limitation, the attorney-client privilege, the joint defense privilege, the  
3 accountants' privilege, or work product immunity; further, all information and documents transmitted  
4 between Plaintiffs' Counsel and Defendants' Counsel in connection with the Settlement shall be kept  
5 confidential and shall be inadmissible in any proceeding in any U.S. federal or state court or other  
6 tribunal or otherwise, in accordance with Rule 408 of the Federal Rules of Evidence as if such Rule  
7 applied in all respects in any such proceeding or forum, or any similar rule existing under California  
8 and Nevada law.

9           8.14.    The Settling Parties intend that the Court retain jurisdiction for the purpose of  
10 effectuating and enforcing the terms of the Settlement.

11           8.15.    Each counsel or other Person executing the Stipulation or its exhibits on behalf  
12 of any of the Settling Parties hereby warrants that such Person has the full authority to do so. The  
13 Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the Settling  
14 Parties and their Related Persons.

15           8.16.    The Stipulation may be executed in one or more counterparts, including by  
16 signature transmitted via facsimile, or by a .pdf/.tif image of the signature transmitted via e-mail. All  
17 executed counterparts and each of them shall be deemed to be one and the same instrument.  
18 A complete set of original executed counterparts shall be filed with the Court.

19           IN WITNESS WHEREOF, the Settling Parties hereto have caused the Stipulation to be  
20 executed, by their duly authorized attorneys, dated as of July 28, 2022.

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22  
23  
24  
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26  
27  
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## The Weiser Law Firm, P.C.

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20 *Counsel for Defendants (in this action and the*  
21 *related actions pending in Nevada and*  
22 *California)*

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**EXHIBIT A**  
**SETTLEMENT FRAMEWORK/CORPORATE REFORMS**

CV Sciences, Inc. (“CV Sciences” or the “Company”) and its management have considered a potential corporate reforms settlement. Defendants propose that to settle all of the pending Derivative Actions, the Company’s Board of Directors (the “Board”) are agreeable to implementing within one hundred eighty (180) days of final settlement approval, and maintain for a minimum period of three (3) years, the reforms detailed below.

**1. Annual Risk Assessment**

The Board shall be responsible for the oversight of risk management policies of the Company.

The Company shall agree that under the supervision of the Chief Financial Officer (“CFO”), the Company shall perform a risk assessment pertaining to business and financial reporting risks. The CFO shall report the results of the annual risk assessments to the Board.

Also, the Board shall be responsible for monitoring CV Sciences’ compliance with all risk assessment and reporting conducted by CV Sciences’ employees. The Board shall be responsible for identifying material risks relating to CV Sciences’ compliance. To ensure that it is sufficiently informed to effectively fulfill these responsibilities, the Board shall receive and review annual reports from the CFO. The CFO and the Board shall also have free access to management and Company employees for the purpose of identifying material risks relating to CV Sciences’ compliance.

**2. Improvements to the Audit Committee**

CV Sciences shall amend its Bylaws as necessary to require the existence of an Audit Committee. The Company shall amend its Audit Committee Charter as follows:

- a. The Audit Committee shall be expanded to consist of at least two members who shall meet the within independence requirements;
- b. The Audit Committee shall solicit input as necessary to review the accuracy of disclosures related to issues within their expertise, including, without limitation: (i) communications with and activities relating to the relevant regulatory authorities, including but not limited to the SEC; (ii) operations, enterprise risks, and compliance matters that may have a material impact on the Company’s operational performance, financial health, stability, or liquidity, (iii) updates to the Company’s specialty pharmaceutical business; or (iv) any other matter required to be disclosed under state and federal securities laws and regulations;
- c. All Company employees shall be required to cooperate with Audit Committee investigations. Any failure to cooperate shall be grounds for discipline by the Board, including, but not limited to, termination, in the sole discretion of the Board. This applies to all Company employees, including, but not limited to, the Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”), and the Chairman of the Board;
- d. The Audit Committee Charter shall make clear that in its oversight capacity, the Audit Committee has the duty to oversee that the Company implements and maintains internal controls over accounting and financial reporting and reporting systems and to oversee the integrity, accuracy completeness, and timeliness of the Company’s financial statements and related public filings and disclosures;

- e. The Audit Committee shall receive annually a report listing all trades in CV Sciences securities engaged in by Section 16 officers;
- f. The Audit Committee shall compile a list of potential independent auditors and conduct the necessary preemptive due diligence to ensure that the Company is not without a registered independent auditor for more than 30 days upon the resignation or termination of its current registered independent auditor;
- g. The Audit Committee shall be responsible for monitoring compliance with CV Sciences' Code of Ethics. In the event that a violation of the Code of Ethics is sufficiently material to trigger a disclosure obligation, the Audit Committee shall report the violation to the full Board in writing;
- h. The Audit Committee shall report to the Compensation Committee on an annual basis regarding the CEO's and CFO's contribution to CV Sciences' culture of ethics and compliance with applicable laws, rules, and regulations;
- i. The Audit Committee shall have the authority to retain separate and independent advisors or counsel to aid in fulfilling its responsibilities under its charter, which shall be at CV Sciences' expense;
- j. The Audit Committee shall keep the Board apprised of its activities and shall directly advise the Board in detail of its material findings on a periodic basis; and
- k. CV Sciences shall post the amended Audit Committee Charter on its website.

### **3. Improvements to the Chief Compliance Officer (“CCO”) Position**

The Company's Code of Ethics acknowledges that the Company has a CCO. The Company shall ensure that the CCO's responsibilities include the following, to the extent they do not already:

- a. managing and overseeing the Company's compliance program, and informing the entire Board regarding progress toward meeting program goals;
- b. overseeing the Company's communications with the U.S. Patent Trademark Office (“USPTO”);
- c. quarterly communication to the Audit Committee, evaluating the Company's compliance program, and where necessary, recommend action; and
- d. working with the Company's Audit Committee to evaluate the adequacy of CV Sciences' internal controls, including meeting with the Audit Committee quarterly to discuss ongoing and potential litigation and compliance issues.

### **4. Employee Training and Risk Assessment**

CV Sciences shall institute annual employee training concerning risk assessment and compliance at CV Sciences, as follows:

- a. CV Sciences' CCO shall be charged with primary responsibility for education pursuant to this provision;
- b. annual training shall be mandatory for all directors, officers and employees of CV Sciences; and

- c. training shall include coverage of risk assessment and compliance, CV Sciences' Code of Ethics, communications with government regulatory agencies, and insider trading policies and other applicable policies established by CV Sciences to be observed in connection with work performed for CV Sciences

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5

6 **DISTRICT COURT**

7 **CLARK COUNTY, NEVADA**

8 GIRARD DEPOTI, Derivatively on Behalf of CV ) **Case No. A-18-782513-C**

9 SCIENCES, INC., )

10 Plaintiff, )

11 vs. )

12 JOSEPH DOWLING, MICHAEL J. MONA, JR., )

13 MICHAEL J. MONA, III, GARY R. SLIGAR, )

14 and JAMES A. MCNULTY, )

15 Defendants, )

16 – and – )

17 CV SCIENCES, INC., )

18 Nominal Party. )

19 ) **[PROPOSED] ORDER**  
20 ) **PRELIMINARILY APPROVING**  
21 ) **SETTLEMENT AND PROVIDING**  
22 ) **FOR NOTICE**

23 ) **EXHIBIT B**

1 WHEREAS, Plaintiffs and Defendants have moved the Court for an order (i) preliminarily  
2 approving the proposed Settlement of the above-captioned shareholder derivative action, in  
3 accordance with a Stipulation of Settlement dated July 28, 2022 and the Exhibits thereto (the  
4 “Stipulation”), and (ii) approving distribution of the Notice of Proposed Settlement;

5 WHEREAS, the Stipulation sets forth the terms and conditions of the Settlement, including,  
6 but not limited to: (a) a proposed Settlement and dismissal of the Action with prejudice by entry of  
7 judgment by the Court; and (b) an award of attorneys’ fees and expenses to counsel for Plaintiffs,  
8 upon the terms and conditions set forth in the Stipulation;

9 WHEREAS, the Settlement appears to be the product of serious, informed, and non-collusive  
10 negotiations and falls within the range of reasonableness for possible approval;

11 WHEREAS, all capitalized terms contained herein shall have the same meanings as set forth  
12 in the Stipulation (in addition to those capitalized terms defined herein); and

13 WHEREAS, this Court, having considered the Stipulation and the Exhibits annexed thereto  
14 and having heard the arguments of the Settling Parties, if any, at the preliminary approval hearing:

15 NOW THEREFORE, IT IS HEREBY ORDERED:

16 1. This Court does hereby preliminarily approve, subject to further consideration at the  
17 Settlement Hearing described below, the Stipulation and the Settlement set forth therein, including  
18 the terms and conditions for: (a) a proposed Settlement and dismissal of the Action with prejudice  
19 by entry of judgment by the Court; and (b) an award of attorneys’ fees and expenses to counsel for  
20 Plaintiffs, upon the terms and conditions set forth in the Stipulation.

21 2. Pursuant to Nevada Rule of Civil Procedure 23.1, a Settlement Hearing shall be held  
22 before this Court on \_\_\_\_\_, 2022, at \_\_\_:\_\_.m. to:

23 (a) determine whether the terms and conditions of the Settlement provided for in  
24 the Stipulation are fair, reasonable, adequate, and in the best interests of CV Sciences and current CV  
25 Sciences shareholders;

26 (b) consider an Order and Final Judgment (i) approving the Settlement in its  
27 entirety and according to its terms and dismissing the Action with prejudice by entry of the Judgment  
28 by the Court; (ii) providing that each of the Settling Parties shall bear his, hers, or its own costs

1 (except as expressly stated otherwise in the Stipulation); (iii) releasing, and enjoining prosecution of  
2 any and all Released Claims to be released pursuant to the Stipulation; and (iv) determining whether  
3 the agreed-to Fee and Expense Award should be approved; and

4 (c) hear such other matters as the Court may deem necessary and appropriate.

5 3. The Court approves, as to form and content, the Notice attached as Exhibit C to the  
6 Stipulation and the Summary Notice attached as Exhibit D to the Stipulation, and finds that the  
7 dissemination of the Notice and Stipulation and the publication of the Summary Notice, substantially  
8 in the manner and form set forth in ¶3.2 of the Stipulation, meets the requirements of applicable law  
9 and due process, is the best notice practicable under the circumstances, and shall constitute due and  
10 sufficient notice to all Persons entitled thereto of all matters relating to the Settlement.

11 4. Within fourteen (14) business days following entry of this Order CV Sciences shall  
12 publish the Notice via a press release, shall file a Current Report on Form 8-K with the SEC attaching  
13 the Notice, and shall post the Notice, together with this Stipulation, on the “Investors” section of its  
14 website.

15 5. Also within fourteen (14) business days following entry of this Order, CV Sciences  
16 shall publish the Summary Notice one time in the national editions of *Investor’s Business Daily*.

17 6. All costs incurred in providing notice shall be paid by CV Sciences.

18 7. At least ten (10) calendar days before the Settlement Hearing, CV Sciences’ Counsel  
19 shall file with the Court an appropriate affidavit or declaration with respect to filing and posting the  
20 Notice and Summary Notice.

21 8. All current CV Sciences shareholders shall be bound by all orders, determinations, and  
22 judgments concerning the Settlement, whether favorable or unfavorable to current CV Sciences  
23 shareholders.

24 9. Pending final determination of whether the Settlement should be approved, no current  
25 CV Sciences shareholder, either directly, representatively, or in any other capacity, shall commence  
26 or prosecute against any of the Released Persons, any action or proceeding in any court or tribunal  
27 asserting any of the Released Claims.

1       10. All papers in support of the Settlement shall be filed with the Court and served at least  
2 twenty-eight (28) calendar days before the Settlement Hearing and all reply memoranda in support of  
3 such motion shall be filed with the Court and served at least seven (7) calendar days before the  
4 Settlement Hearing.

5        11. Any current record holders and beneficial owners of common stock of CV Sciences  
6 may appear and show cause, if he, she, or it has any reason why the terms of the Settlement should  
7 not be approved as fair, reasonable, and adequate, or why a Judgment should not be entered thereon,  
8 provided, however, unless otherwise ordered by the Court, no current CV Sciences shareholder shall  
9 be heard or entitled to contest the approval of all or any of the terms and conditions of the Settlement,  
10 or, if approved, the Judgment to be entered thereon approving the same, unless that Person has, at  
11 least fourteen (14) calendar days before the Settlement Hearing, filed with the Clerk of the Court and  
12 served on the following counsel (delivered by hand or sent by First-Class Mail) appropriate proof of  
13 stock ownership, along with written objections, including the basis therefor, and copies of any papers  
14 and briefs in support thereof:

**Counsel for Plaintiff:**

John P. Aldrich  
**ALDRICH LAW FIRM, LTD.**  
1601 S. Rainbow Blvd., Suite 160  
Las Vegas, Nevada 89146

### *Counsel for Defendants:*

Jeffery A. Garofalo  
PROCOPIO, CORY, HARGRAVES  
& SAVITCH, LLP  
10000 W. Charleston Blvd., Suite 140  
Las Vegas, Nevada 89135

All such objections **must identify the case number and must be filed with the Court at:**

Clerk of the Court  
Eighth Judicial District, Clark County  
200 Lewis Ave.  
Las Vegas, Nevada 89011

1 Any current CV Sciences shareholder who does not make his, her, or its objection in the  
 2 manner provided herein shall be deemed to have waived such objection and shall forever be  
 3 foreclosed from making any objection to the fairness, reasonableness, or adequacy of the Settlement  
 4 as incorporated in the Stipulation and to the award of attorneys' fees and expenses to Plaintiffs'  
 5 Counsel, unless otherwise ordered by the Court, but shall otherwise be bound by the Judgment to be  
 6 entered and the releases to be given. Neither the Stipulation (including any Exhibits attached thereto)  
 7 nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the  
 8 Stipulation or the Settlement: (a) is or may be deemed to be, or may be offered, attempted to be  
 9 offered, or used in any way by the Settling Parties as a presumption, a concession, or an admission  
 10 of, or evidence of, any fault, wrongdoing, or liability of the Settling Parties or of the validity of any  
 11 Released Claims; or (b) is intended by the Settling Parties to be offered or received as evidence, or  
 12 used by any other person in any other actions or proceedings, whether civil, criminal, or  
 13 administrative. The Released Persons may file the Stipulation and/or the Judgment in any action that  
 14 may be brought against them, in order to support a defense or counterclaim based on principles of *res*  
 15 *judicata*, collateral estoppel, full faith and credit, release, standing, good faith settlement, judgment  
 16 bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or  
 17 counterclaim, and any of the Settling Parties may file the Stipulation and documents executed  
 18 pursuant thereto and in furtherance thereof in any action to enforce the Settlement.

19 12. The Court reserves the right to adjourn the date of the Settlement Hearing or modify  
 20 any other dates set forth herein without further notice to the current CV Sciences shareholders, and  
 21 retains jurisdiction to consider all further applications arising out of or connected with the Settlement.  
 22 The Court may approve the Settlement, with such modifications as may be agreed to by the Settling  
 23 Parties, if appropriate, without further notice to the current CV Sciences shareholders.

24 IT IS SO ORDERED.

25  
 26 DATED:

27  
 28 THE HONORABLE TIMOTHY C. WILLIAMS

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7 **DISTRICT COURT**

8 **CLARK COUNTY, NEVADA**

9 **GIRARD DEPOTI, Derivatively on Behalf of CV SCIENCES, INC.,** **Case No. A-18-782513-C**

10 Plaintiff,

11 vs. **JOSEPH DOWLING, MICHAEL J. MONA, JR.,** **EXHIBIT C – NOTICE OF**  
12 **MICHAEL J. MONA, III, GARY R. SLIGAR,** **PROPOSED SETTLEMENT**  
13 and **JAMES A. MCNULTY,**

14 Defendants,

15 – and –  
16 **CV SCIENCES, INC.,**

17 Nominal Party.

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1 TO: **ALL CURRENT RECORD SHAREHOLDERS AND THE BENEFICIAL OWNERS  
2 OF THE COMMON STOCK OF CV SCIENCES, INC. (“CV SCIENCES” OR THE  
3 “COMPANY”) AS OF JULY 28, 2022 (THE “RECORD DATE”) (“CURRENT CV  
SCIENCES SHAREHOLDERS”)**

4 PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THIS  
5 NOTICE RELATES TO A PROPOSED SETTLEMENT AND DISMISSAL OF THE  
6 ABOVE-CAPTIONED CONSOLIDATED SHAREHOLDER DERIVATIVE ACTION  
7 (THE “ACTION”) BY ENTRY OF THE JUDGMENT BY THE COURT AND  
8 CONTAINS IMPORTANT INFORMATION REGARDING YOUR RIGHTS. YOUR  
9 RIGHTS MAY BE AFFECTED BY THESE LEGAL PROCEEDINGS. IF THE  
10 COURT APPROVES THE SETTLEMENT, YOU WILL BE FOREVER BARRED  
11 FROM CONTESTING THE APPROVAL OF THE PROPOSED SETTLEMENT AND  
12 FROM PURSUING THE RELEASED CLAIMS.

13 **IF YOU HOLD CV SCIENCES COMMON STOCK FOR THE BENEFIT OF  
14 ANOTHER, PLEASE PROMPTLY TRANSMIT THIS DOCUMENT TO SUCH  
15 BENEFICIAL OWNER.**

16 **THE RECITATION OF THE BACKGROUND AND CIRCUMSTANCES OF THE  
17 SETTLEMENT CONTAINED HEREIN DOES NOT CONSTITUTE THE FINDINGS  
18 OF THE COURT. IT IS BASED ON REPRESENTATIONS MADE TO THE COURT  
19 BY COUNSEL FOR THE PARTIES.**

20 Notice is hereby provided to you of the proposed settlement (the “Settlement”) of the above-  
21 referenced shareholder derivative lawsuit as well as related suits. This Notice is provided by Order  
22 of the District Court of Clark County, Nevada (the “Court”). It is not an expression of any opinion  
23 by the Court. It is to notify you of the terms of the proposed Settlement, and your rights related  
24 thereto.

25 **I. WHY THE COMPANY HAS ISSUED THIS NOTICE**

26 Your rights may be affected by the Settlement of the following actions:

- 27 • *Depoti v. Dowling, et al*, Case No. A-18-782513-C (Nev. Dist. Ct.-Clark Cty.)
- 28 • *Radcliffe v. Dowling, et al.*, Case No. A-19-794377-B (Nev. Dist. Ct.-Clark Cty.)
- 29 • *Tarangelo v. Mona, Jr., et al.*, Case No. A-19-789153-B (Nev. Dist. Ct.-Clark Cty.)
- 30 • *Francis v. Mona, Jr., et al.*, Case No. 2:18-cv-02284-GMN-NJK (D. Nev.)
- 31 • *Berry v. Dowling, et al.*, Case No. 3:20-CV-01072-AJB-DEB (S.D. Cal.)
- 32 • *Menna v. Dowling, et al.*, Case No. 37-2021 -00019613-CU-SL-CTL (San Diego Sup.  
33 Ct.)

34 Plaintiffs in these actions (the “Derivative Actions”) Girard Depoti, Richard Tarangelo, John  
35 Radcliffe, David Francis, David Menna, and Phillip Berry (on behalf of themselves and derivatively

1 on behalf of CV Sciences) (collectively “Plaintiffs”), individual defendants Joseph Dowling, Michael  
 2 J. Mona, Jr., Michael J. Mona III, Gary R. Sligar, James A. McNulty, Stephen M. Schmitz, Bart P.  
 3 Mackay, Larry Raskin, Edward A. Wilson, Beth Altman, Paul Blake, Terri Funk Graham, and Joseph  
 4 Maroon (“Individual Defendants”) and nominal defendant CV Sciences have agreed upon terms to  
 5 settle the Action and have signed a written Stipulation of Settlement (“Stipulation”) setting forth those  
 6 settlement terms. Together, the Individual Defendants and nominal defendant CV Sciences are  
 7 referred to as “Defendants.”

8 On \_\_\_\_\_, 2022, at \_\_\_\_\_ m., Courtroom \_\_\_\_\_, 200 Lewis Ave., Las Vegas,  
 9 Nevada 89011, the Court will hold a hearing (the “Settlement Hearing”) in the Action. The purpose  
 10 of the Settlement Hearing is to determine, pursuant to Nevada Rule of Civil Procedure 23.1:  
 11 (i) whether the terms of the Settlement are fair, reasonable, and adequate and should be approved; (ii)  
 12 whether a final judgment should be entered; (iii) the amount of attorneys’ fees and expenses to be  
 13 awarded; and (iv) such other matters as may be necessary or proper under the circumstances.

14 **II. SUMMARY OF THE ACTION**

15 **A. Description of the Derivative Actions and Settlement**

16 Plaintiffs, on behalf of CV Sciences, brought the respective Derivative Actions purportedly to  
 17 remedy, among other things, alleged breaches of fiduciary duty against current and former directors  
 18 and officers of CV Sciences.

19 According to its public filings, CV Sciences has two business divisions: pharmaceuticals and  
 20 consumer products. The pharmaceutical division develops “synthetically-formulated cannabidiol-  
 21 based medicine,” while the consumer products division “delivers botanical-based cannabidiol  
 22 products that enhance quality of life.”

23 The Company’s chief pharmaceutical product is or was at the relevant times identified as  
 24 CVSI-007, a chewing gum product that combines cannabidiol and nicotine in treatment of smokeless  
 25 tobacco use and addiction. The Company described CVSI-007 as its “lead drug candidate” with a  
 26 market that has been estimated at “greater than \$2 billion.”

27 The Derivative Actions allege that on May 16, 2016, certain of the Individual Defendants  
 28 caused the Company to file a patent application with the US Patent Trademark Office (“USPTO”) for

1 CVSI-007, titled “Pharmaceutical Formulations Containing Cannabidiol and Nicotine For Treating  
 2 Smokeless Tobacco Addiction.” On February 7, 2017, the Individual Defendants caused the  
 3 Company to file a continuing patent application under the same title, Patent #15/426,617 (the “Patent  
 4 Application”).

5 On April 27, 2017, the USPTO issued a non-final rejection on the  
 6 Company’s Patent Application and mailed CVSI a letter regarding the non-final rejection of the Patent  
 7 Application on June 6, 2017. All of the Derivative Actions allege that on December 14, 2017, the  
 8 USPTO issued a “*final*” rejection on the Company’s Patent Application and mailed CVSI a letter  
 9 regarding the *final* rejection of the Patent Application on December 20, 2017.

10 On August 20, 2018, Citron Research published a tweet alleging that the Individual  
 11 Defendants failed to disclose the December 14, 2017 “final” rejection of the Patent Application. The  
 12 Derivative Actions allege that upon publication of the tweet, CV Sciences stock “plunged” over 63%,  
 13 from \$9.20 to \$3.40.

14 The Derivative Actions were filed between October 2018 and October 2020.

15 **B. The Settlement Negotiations**

16 In July 2020, Plaintiffs sent a comprehensive settlement demand to counsel for the  
 17 Defendants, which Defendants responded thereto; however, the Settling Parties were unable to reach  
 18 agreement at that time. At the end of 2021, the Settling Parties re-engaged in good faith settlement  
 19 negotiations, both in writing and telephonically, which included exchanging various drafts of  
 20 proposed corporate governance reforms, until they reached an agreement in principle to settle the  
 21 Derivative Actions.

22 **III. TERMS OF THE PROPOSED DERIVATIVE SETTLEMENT**

23 The principal terms, conditions, and other matters that are part of the Settlement, which are  
 24 subject to approval by the Court, are summarized below. This summary should be read in conjunction  
 25 with, and is qualified in its entirety by reference to, the text of the Stipulation, which has been filed  
 26 with the Court.

1        In connection with the Settlement of the Action, within one hundred eighty (180) days after  
 2 final approval of the Settlement, CV Sciences will adopt such resolutions and amend appropriate  
 3 committee charters to the extent applicable to ensure adherence to the Corporate Governance Reforms  
 4 set forth below (“Reforms”). The Reforms will be maintained for a minimum of three (3) years from  
 5 the Effective Date of the Stipulation.

6        **1. Annual Risk Assessment**

7        The Board shall be responsible for the oversight of risk management policies of the Company.  
 8 The Company shall agree that under the supervision of the Chief Financial Officer (“CFO”), the  
 9 Company shall perform a risk assessment pertaining to business and financial reporting risks. The  
 10 CFO shall report the results of the annual risk assessments to the Board. Also, the Board shall be  
 11 responsible for monitoring CV Sciences’ compliance with all risk assessment and reporting conducted  
 12 by CV Sciences’ employees. The Board shall be responsible for identifying material risks relating to  
 13 CV Sciences’ compliance. To ensure that it is sufficiently informed to effectively fulfill these  
 14 responsibilities, the Board shall receive and review annual reports from the CFO. The CFO and the  
 15 Board shall also have free access to management and Company employees for the purpose of  
 16 identifying material risks relating to CV Sciences’ compliance.

17        **2. Improvements to the Audit Committee**

18        CV Sciences shall amend its Bylaws as necessary to require the existence of an Audit  
 19 Committee. The Company shall amend its Audit Committee Charter as follows:

20        a. The Audit Committee shall be expanded to consist of at least two members who shall meet  
 21 the within independence requirements;

22        b. The Audit Committee shall solicit input as necessary to review the accuracy of disclosures  
 23 related to issues within their expertise, including, without limitation: (i) communications with  
 24 and activities relating to the relevant regulatory authorities, including but not limited to the  
 25 SEC; (ii) operations, enterprise risks, and compliance matters that may have a material impact  
 26 on the Company’s operational performance, financial health, stability, or liquidity, (iii) updates

1 to the Company's specialty pharmaceutical business; or (iv) any other matter required to be  
2 disclosed under state and federal securities laws and regulations;

3 c. All Company employees shall be required to cooperate with Audit Committee investigations.  
4 Any failure to cooperate shall be grounds for discipline by the Board, including, but not  
5 limited to, termination, in the sole discretion of the Board. This applies to all Company  
6 employees, including, but not limited to, the Chief Executive Officer ("CEO"), Chief  
7 Financial Officer ("CFO"), and the Chairman of the Board;

8 d. The Audit Committee Charter shall make clear that in its oversight capacity, the Audit  
9 Committee has the duty to oversee that the Company implements and maintains internal  
10 controls over accounting and financial reporting and reporting systems and to oversee the  
11 integrity, accuracy completeness, and timeliness of the Company's financial statements and  
12 related public filings and disclosures;

13 e. The Audit Committee shall receive annually a report listing all trades in CV Sciences  
14 securities engaged in by Section 16 officers;

15 f. The Audit Committee shall compile a list of potential independent auditors and conduct the  
16 necessary preemptive due diligence to ensure that the Company is not without a registered  
17 independent auditor for more than 30 days upon the resignation or termination of its current  
18 registered independent auditor;

19 g. The Audit Committee shall be responsible for monitoring compliance with CV Sciences'  
20 Code of Ethics. In the event that a violation of the Code of Ethics is sufficiently material to  
21 trigger a disclosure obligation, the Audit Committee shall report the violation to the full Board  
22 in writing;

23 h. The Audit Committee shall report to the Compensation Committee on an annual basis  
24 regarding the CEO's and CFO's contribution to CV Sciences' culture of ethics and  
25 compliance with applicable laws, rules, and regulations;

26 i. The Audit Committee shall have the authority to retain separate and independent advisors or  
27 counsel to aid in fulfilling its responsibilities under its charter, which shall be at CV Sciences'  
28 expense;

- j. The Audit Committee shall keep the Board apprised of its activities and shall directly advise the Board in detail of its material findings on a periodic basis; and
- k. CV Sciences shall post the amended Audit Committee Charter on its website.

### **3. Improvements to the Chief Compliance Officer (“CCO”) Position**

The Company's Code of Ethics acknowledges that the Company has a CCO. The Company shall ensure that the CCO's responsibilities include the following, to the extent they do not already:

- a. managing and overseeing the Company's compliance program, and informing the entire Board regarding progress toward meeting program goals;
- b. overseeing the Company's communications with the U.S. Patent Trademark Office ("USPTO");
- c. quarterly communication to the Audit Committee, evaluating the Company's compliance program, and where necessary, recommend action; and
- d. working with the Company's Audit Committee to evaluate the adequacy of CV Sciences' internal controls, including meeting with the Audit Committee quarterly to discuss ongoing and potential litigation and compliance issues.

#### **4. Employee Training and Risk Assessment**

CV Sciences shall institute annual employee training concerning risk assessment and compliance at CV Sciences, as follows:

- a. CV Sciences' CCO shall be charged with primary responsibility for education pursuant to this provision;
- b. annual training shall be mandatory for all directors, officers and employees of CV Sciences; and
- c. training shall include coverage of risk assessment and compliance, CV Sciences' Code of Ethics, communications with government regulatory agencies, and insider trading policies and other applicable policies established by CV Sciences to be observed in connection with work performed for CV Sciences.

1       The Stipulation provides for the entry of the Judgment dismissing the Derivative Actions  
 2 against the Defendants with prejudice and, as explained in more detail in the Stipulation, barring and  
 3 releasing certain known or unknown claims that have been or could have been brought in any court  
 4 by the Plaintiffs in the Derivative Actions on behalf of CV Sciences or by CV Sciences, or any of its  
 5 shareholders, against CV Sciences and the Defendants relating to any of the claims or matters that  
 6 were or could have been alleged or asserted in the pleadings or papers filed in the Derivative Actions.  
 7 The Stipulation further provides that the entry of the Judgment will bar and release any known or  
 8 unknown claims that have been or could have been brought in any court by the Defendants and CV  
 9 Sciences against Plaintiffs or Plaintiffs' Counsel related to any of the claims or matters that were or  
 10 could have been alleged or asserted in any of the pleadings or papers filed in the Derivative Actions  
 11 or based upon or arising out of the institution, prosecution, assertion, settlement, or resolution of the  
 12 Derivative Actions.

13 **IV. PLAINTIFFS' COUNSEL'S ATTORNEYS' FEES AND EXPENSES**

14       After negotiating the principal terms of the Settlement, counsel for the Settling Parties, and the  
 15 insurer, acting by and through their counsel, separately negotiated the attorneys' fees and expenses  
 16 that the Individual Defendants would pay or cause to be paid to Plaintiffs' Counsel based on the  
 17 substantial benefits conferred upon the Company by the Reforms.

18       In consideration of the substantial benefits conferred upon the Company as a direct result of  
 19 the Settlement and the efforts of Plaintiffs and Plaintiffs' Counsel in the Derivative Matters, the  
 20 Individual Defendants shall pay or cause to be paid two hundred seventy-five thousand dollars  
 21 (\$275,000.00) to Plaintiffs' Counsel for their attorneys' fees and costs (the "Fee and Expense  
 22 Award"), subject to Court approval. Additionally, Plaintiffs may apply to the Court for service  
 23 awards not to exceed \$1,000 per Plaintiff ("Service Awards"), to be paid out of such Fee and Expense  
 24 Amount awarded by the Court.

25 **V. REASONS FOR THE SETTLEMENT**

26       Counsel for the Parties believe that the Settlement is in the best interests of CV Sciences and  
 27 its shareholders.

1           **A.     Why Did Plaintiffs Agree to Settle?**

2           Plaintiffs believe that the claims asserted in the Derivative Actions have merit. Without  
 3 conceding the merit of any of Defendants' defenses or the lack of merit of any of Plaintiffs' own  
 4 allegations, and in light of the benefits of the Settlement, as well as to avoid the potentially protracted  
 5 time, expense, and uncertainty associated with continued litigation, including potential trials and  
 6 appeals, Plaintiffs have concluded that it is desirable that the Derivative Actions be fully and finally  
 7 settled and satisfied in the manner, and upon the terms and conditions, set forth in this Stipulation.  
 8 Plaintiffs and Plaintiffs' Counsel recognize the significant risk, expense, and length of continued  
 9 proceedings necessary to prosecute the Derivative Actions against the Defendants through trials and  
 10 possible appeals. Plaintiffs' Counsel has also taken into account the uncertain outcome and the risk  
 11 of any litigation, especially complex litigation such as the Derivative Actions, as well as the  
 12 difficulties and delays inherent in such litigation.

13           Plaintiffs and Plaintiffs' Counsel believe that the Settlement set forth in this Stipulation is fair,  
 14 reasonable and adequate; confers substantial benefits upon CV Sciences and its stockholders; and  
 15 would serve the best interests of CV Sciences and its stockholders.

16           **B.     Why Did the Defendants Agree to Settle?**

17           The Defendants dispute the allegations in the Derivative Actions. Defendants state that minute-  
 18 by-minute data indicates that nearly the entirety of the decrease in the Company's stock on August 20,  
 19 2018 occurred prior to Citron Research's tweet. Defendants also state that Citron Research's tweet  
 20 consisted exclusively of publicly available information from a screenshot of the USPTO's website,  
 21 which Citron Research embellished and restated in a misleading fashion for the ostensible goal of  
 22 purposefully decreasing the Company's share price as part of a short-selling scheme. Citron Research  
 23 has since been investigated by the Federal Bureau of Investigation (FBI) for its short-selling practices.  
 24 In February 2022, the FBI raided the home of Citron Research's founder and seized computers and  
 25 other information as part of its investigation. Defendants also assert that it is well-understood among  
 26 patent practitioners and the USPTO that a "final rejection" or other "office action" does not mean a  
 27 patent application is no longer "pending" or viable, as many such applications result in issued patents.

1 The patent application process does not end with an initial or even final rejection. Interviews and  
2 amendments after such actions play an extremely significant role in generating patents.

3 The Defendants enter into the Stipulation and Settlement without in any way acknowledging  
4 any fault, liability, or wrongdoing of any kind. The Defendants have denied and continue to deny  
5 vigorously each and all of the claims and contentions alleged in the Derivative Actions and assert that  
6 all claims and contentions alleged in the Derivative Actions are completely without merit. The  
7 Individual Defendants assert that at all relevant times, they acted in good faith and in a manner they  
8 reasonably believed to be in the best interests of the Company and its stockholders. Further, the  
9 Individual Defendants assert that all of the statements alleged in the Derivative Actions were true and  
10 non-actionable, particularly in light of Defendants' success in obtaining approval by the USPTO of  
11 the Patent Application. Finally, Defendants assert that various of the Derivative Actions would have  
12 been stayed or consolidated (like the Berry Action was stayed) as there was no reason for the filing of  
13 multiple duplicative derivative actions, and that any judgment in its favor would have constituted *res*  
14 *judicata* in the other Derivative Actions.

15 The Individual Defendants are entering into the Stipulation solely because the Settlement  
16 would eliminate the burden, expense, and uncertainties inherent in further litigation. The Individual  
17 Defendants believe that the settlement of the Derivative Actions on the terms provided for in this  
18 Stipulation is fair, reasonable, and adequate based upon the terms and procedures outlined therein.

19 CV Sciences acknowledges that the plaintiffs' pursuit of the Derivative Actions, and  
20 subsequent resolution efforts were, in the aggregate, a contributing cause in the Company's  
21 implementation of the Reforms A and that the settlement confers substantial benefits on the Company  
22 and its stockholders.

23 **VI. SETTLEMENT HEARING**

24 On \_\_\_\_\_, 2022, at \_\_\_\_\_.m., the Court will hold the Settlement Hearing in  
25 Courtroom \_\_\_, 200 Lewis Ave., Las Vegas, Nevada 89011. At the Settlement Hearing, the Court  
26 will consider, pursuant to Nevada Rule of Civil Procedure 23.1, whether the terms of the Settlement  
27 are fair, reasonable, and adequate and thus should be finally approved, the amount of an appropriate  
28

1 Fee and Expense Amount, and whether the Action should be dismissed with prejudice by entry of the  
2 Judgment pursuant to the Stipulation.

3 **VII. RIGHT TO ATTEND SETTLEMENT HEARING**

4 Any current CV Sciences shareholder may, but is not required to, appear in person at the  
5 Settlement Hearing. If you want to be heard at the Settlement Hearing, then you must first comply  
6 with the procedures for objecting, which are set forth below. The Court has the right to change the  
7 hearing dates or times without further notice. Thus, if you are planning to attend the Settlement  
8 Hearing, you should confirm the date and time before going to the Court. **CV SCIENCES**  
9 **SHAREHOLDERS WHO HAVE NO OBJECTION TO THE SETTLEMENT DO NOT NEED TO**  
10 **APPEAR AT THE SETTLEMENT HEARING OR TAKE ANY OTHER ACTION.**

11 **VIII. RIGHT TO OBJECT TO THE SETTLEMENT AND PROCEDURES FOR**  
12 **DOING SO**

13 You have the right to object to any aspect of the Settlement. You must object in writing, and  
14 you may request to be heard at the Settlement Hearing. If you choose to object, then you must follow  
15 these procedures.

16 **A. You Must Make Detailed Objections in Writing**

17 Any objections must be presented in writing and must contain the following information:

18 1. Your name, legal address, and telephone number;

19 2. The number of shares of CV Sciences stock you currently hold, together with third-  
20 party documentary evidence, such as the most recent account statement, showing such share  
21 ownership; and Proof of being a current CV Sciences shareholder as of July 28, 2022; and

22 3. A detailed statement of your objections to any matter before the Court and all grounds  
23 therefore, including any supporting documents to be considered by the Court.

24 **B. You Must Timely File Written Objections with the Court and Deliver to**  
25 **Counsel for Plaintiffs and the Defendants**

26 YOUR WRITTEN OBJECTIONS MUST BE ON FILE WITH THE CLERK OF THE  
27 COURT NO LATER THAN \_\_\_\_\_, 2022. The Court Clerk's address is:

28 CLERK OF COURT

Regional Justice Center  
200 Lewis Ave  
Las Vegas, Nevada 89011

YOU ALSO MUST DELIVER COPIES OF THE MATERIALS TO COUNSEL FOR PLAINTIFFS AND THE DEFENDANTS SO THEY ARE RECEIVED NO LATER THAN \_\_\_\_\_, 2022. Counsel's addresses are:

**Counsel for Plaintiff:**

John P. Aldrich  
**ALDRICH LAW FIRM, LTD.**  
1601 S. Rainbow Blvd., Suite 160  
Las Vegas, Nevada 89146

**Counsel for Defendants:**

Jeffery A. Garofalo  
PROCOPIO, CORY, HARGRAVES  
& SAVITCH, LLP  
10000 W. Charleston Blvd., Suite 140  
Las Vegas, Nevada 89135

Unless the Court orders otherwise, your objection will not be considered unless it is timely filed with the Court and delivered to the above-referenced counsel for the Parties.

Any Person or entity who fails to object or otherwise request to be heard in the manner prescribed above will be deemed to have waived the right to object to any aspect of the Settlement or otherwise request to be heard (including the right to appeal) and will be forever barred from raising such objection or request to be heard in this or any other action or proceeding.

## IX. HOW TO OBTAIN ADDITIONAL INFORMATION

This Notice summarizes the Stipulation. It is not a complete statement of the events of the Action or the Stipulation.

1 PLEASE DO NOT CALL, WRITE, OR OTHERWISE DIRECT QUESTIONS TO EITHER  
2 THE COURT OR THE CLERK'S OFFICE.

3  
4 DATED: \_\_\_\_\_, 2022

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7 BY ORDER OF THE  
8 DISTRICT COURT OF CLARK COUNTY, NEVADA  
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1 **ALDRICH LAW FIRM, LTD.**

2 JOHN P. ALDRICH

3 1601 S. Rainbow Blvd., Suite 160

4 Las Vegas, Nevada 89146

Telephone: (702) 853-5490

Facsimile: (702) 227-1975

5

6 **DISTRICT COURT**

7 **CLARK COUNTY, NEVADA**

8 GIRARD DEPOTI, Derivatively on Behalf of CV ) **Case No. A-18-782513-C**  
9 SCIENCES, INC., )

10 Plaintiff, )

11 vs. )

12 JOSEPH DOWLING, MICHAEL J. MONA, JR., )  
13 MICHAEL J. MONA, III, GARY R. SLIGAR, )  
14 and JAMES A. MCNULTY, )

15 Defendants, )

16 – and – )

17 CV SCIENCES, INC., )

18 Nominal Party. )

19 **EXHIBIT D – SUMMARY NOTICE**

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1 **TO: ALL CURRENT RECORD HOLDERS AND BENEFICIAL OWNERS OF THE**  
 2 **COMMON STOCK OF CV SCIENCES INC. (“CV SCIENCES” OR THE**  
 3 **“COMPANY”) AS OF JULY 28, 2022 (“CURRENT CV SCIENCES**  
 4 **STOCKHOLDERS”)**

5 YOU ARE HEREBY NOTIFIED, pursuant to the \_\_\_\_\_, 2022 Order Preliminarily  
 6 Approving Settlement and Providing for Notice entered in the above-captioned shareholder derivative  
 7 action, that a Stipulation of Settlement dated July 28, 2022 (the “Stipulation” or “Settlement”)<sup>1</sup> has  
 8 been entered to resolve all shareholder derivative claims pending on behalf of nominal defendant CV  
 9 Sciences pending in six derivative actions in state and federal court in California and Nevada (the  
 “Derivative Actions”).

10 The Derivative Actions alleges claims on behalf of CV Sciences against Defendants for,  
 11 among other things, alleged breaches of fiduciary duties, in connection with the patent application for  
 12 the Company’s chief product, CVSI-007, a chewing gum product that combines cannabidiol and  
 13 nicotine in treatment of smokeless tobacco use. More specifically, the Derivative Actions allege that  
 14 the Individual Defendants allowed CV Sciences to make alleged misstatements regarding the  
 15 potential for the patent’s approval. In connection with, and conditioned upon, the Settlement, CV  
 16 Sciences has agreed to implement and/or maintain Corporate Governance Reforms, as defined and  
 17 set forth in the Stipulation. The Reforms are designed to enhance and improve CV Sciences’ internal  
 18 controls and systems, as well as the effectiveness and responsiveness of the CV Sciences Board of  
 19 Directors. The Defendants dispute the allegations in the Derivative Actions and enter into the  
 20 Stipulation and Settlement without in any way acknowledging any fault, liability, or wrongdoing of  
 21 any kind.

22 On \_\_\_\_\_, 2022, at \_\_\_\_\_.m., Courtroom \_\_\_\_\_, 200 Lewis Ave., Las Vegas,  
 23 Nevada 89011, the Court will hold a hearing (the “Settlement Hearing”) in the Action. The purpose  
 24 of the Settlement Hearing is to determine, pursuant to Nevada Rule of Civil Procedure 23.1:  
 25 (i) whether the terms of the Settlement are fair, reasonable, and adequate and should be approved; (ii)

26  
 27 <sup>1</sup> Except as otherwise defined herein, all capitalized terms shall have the same meanings as set  
 28 forth in the Stipulation.

1 whether a final judgment should be entered; (iii) approve an amount of \$275,000 attorneys' fees and  
2 expenses; and (iv) such other matters as may be necessary or proper under the circumstances.

3 **PLEASE READ THIS SUMMARY NOTICE CAREFULLY AND IN ITS  
4 ENTIRETY. IF YOU ARE A CURRENT RH SHAREHOLDER, YOUR  
RIGHTS MAY BE AFFECTED BY THE SETTLEMENT OF THE ACTION.**

5 This is a summary notice only. For additional information about the claims asserted in the  
6 Action and the terms of the proposed Settlement, please refer to the documents filed with the Court  
7 in the Action, the Stipulation (filed as an exhibit to the Company's Current Report on Form 8-K filed  
8 with the Securities and Exchange Commission and available at [www.sec.gov](http://www.sec.gov)), and the full-length  
9 Notice of Proposed Settlement (the "Notice"). The "Investor Relations" section of CV Sciences'  
10 website ([http://\\_\\_\\_\\_\\_com](http://_____com)) provides hyperlinks to the Notice and to the Stipulation.

11 **PLEASE DO NOT CONTACT THE COURT REGARDING THIS SUMMARY  
12 NOTICE.**

13 If you have any questions about matters in this Summary Notice you may contact John P.  
14 Aldrich of the Aldrich Law Firm, at the offices of Liaison Counsel for Plaintiffs: 1601 S. Rainbow  
15 Blvd., Suite 160 Las Vegas, Nevada 89146. You may contact Mr. Aldrich in writing, or by telephone  
16 at (702) 853-5490.

17 If you are a current CV Sciences shareholder, you will be bound by the Order and Final  
18 Judgment of the Court granting final approval of the Settlement, and shall be deemed to have waived  
19 the right to object (including the right to appeal) and forever shall be barred, in this proceeding or in  
20 any other proceeding, from raising such objection. ***Any objections to the Settlement must be filed  
21 on or before \_\_\_\_\_, 2022***, in accordance with the procedures set forth in the Notice.

22  
23 DATED: \_\_\_\_\_, 2022 BY ORDER OF THE  
24 DISTRICT COURT OF CLARK COUNTY, NEVADA  
25  
26  
27  
28

1 **ALDRICH LAW FIRM, LTD.**

2 JOHN P. ALDRICH

3 1601 S. Rainbow Blvd., Suite 160

4 Las Vegas, Nevada 89146

Telephone: (702) 853-5490

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5

6 **DISTRICT COURT**

7 **CLARK COUNTY, NEVADA**

8 GIRARD DEPOTI, Derivatively on Behalf of CV ) **Case No. A-18-782513-C**

9 SCIENCES, INC., )

10 Plaintiff, )

11 vs. )

12 JOSEPH DOWLING, MICHAEL J. MONA, JR., )

13 MICHAEL J. MONA, III, GARY R. SLIGAR, )

14 and JAMES A. MCNULTY, )

15 Defendants, )

16 – and – )

17 CV SCIENCES, INC., )

18 Nominal Party. )

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19 **EXHIBIT E – [PROPOSED] ORDER**

20 **AND FINAL JUDGMENT**

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1        This matter came before the Court for hearing pursuant to the Order of this Court, dated  
2 \_\_\_\_\_, 2022 (“Order”), on the motion of the parties for approval of the proposed settlement  
3 (“Settlement”) set forth in the Stipulation of Settlement dated July 28, 2022.

4        The Court has reviewed and considered all documents, evidence, objections (if any), and  
5 arguments presented in support of or against the Settlement; the Court being fully advised of the  
6 premises and good cause appearing therefore, the Court enters this Judgment.

7        IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that:

8        1.        This Order and Final Judgment incorporates by reference the definitions in the  
9 Stipulation, and all terms used herein shall have the same meanings as set forth in the Stipulation,  
10 unless otherwise set forth herein.

11        2.        This Court has jurisdiction over the subject matter of the Action, including all matters  
12 necessary to effectuate the Settlement, and over all Settling Parties.

13        3.        Based on evidence submitted, the Court finds that notice was published and  
14 disseminated in accordance with this Court’s Preliminary Approval Order. This Court further finds  
15 that the forms and contents of the Notice and Summary Notice, as previously preliminary approved  
16 by the Court, complied with the requirements of Nevada Rule of Civil Procedure 23.1, satisfied the  
17 requirements of due process of the United States Constitution, and constituted due and sufficient  
18 notice of the matters set forth therein.

19        4.        The Court finds that the terms of the Stipulation and Settlement are fair, reasonable,  
20 and adequate as to each of the Settling Parties, and hereby finally approves the Stipulation and  
21 Settlement in all respects, and orders the Settling Parties to perform its terms to the extent the Settling  
22 Parties have not already done so.

23        5.        Pursuant to entry of this Judgment, the Action and all claims contained therein against  
24 Defendants, as well as all of the Released Claims against each of the Defendants and their Related  
25 Persons, are hereby dismissed with prejudice. As among the Plaintiffs and Defendants, the parties  
26 are to bear their own costs, except as otherwise provided in the Stipulation.

27        6.        Upon the Effective Date, CV Sciences, Plaintiffs (acting on their own behalf and  
28 derivatively on behalf of CV Sciences), and each of CV Sciences’ shareholders (solely in their

1 capacity as CV Sciences shareholders) shall be deemed to have, and by operation of the Judgment  
2 shall have, fully, finally, and forever released, relinquished, and discharged the Released Claims  
3 against the Released Persons and any and all claims (including Unknown Claims) arising out of,  
4 relating to, or in connection with the defense, settlement or resolution of the Action against the  
5 Released Persons, provided that nothing herein shall in any way impair or restrict the rights of any  
6 Settling Party to enforce the terms of this Stipulation or the Judgment.

7       7. Upon the Effective Date, CV Sciences, Plaintiffs (acting on their own behalf and  
8 derivatively on behalf of CV Sciences), and each of CV Sciences' shareholders (solely in their  
9 capacity as CV Sciences shareholders) will be forever barred and enjoined from commencing,  
10 instituting or prosecuting any of the Released Claims or any action or other proceeding against any  
11 of the Released Persons based on the Released Claims or any action or proceeding arising out of,  
12 related to, or in connection with the settlement or resolution of the Action, provided that nothing  
13 herein shall in any way impair or restrict the rights of any Settling Party to enforce the terms of this  
14 Stipulation or the Judgment.

15       8. Upon the Effective Date, each of the Released Persons shall be deemed to have, and  
16 by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and  
17 discharged each and all of the Plaintiffs, Plaintiffs' Counsel, CV Sciences, and all of the CV Sciences  
18 shareholders (solely in their capacity as CV Sciences shareholders) from all claims (including  
19 Unknown Claims) arising out of, relating to, or in connection with the institution, prosecution,  
20 assertion, settlement or resolution of the Action or the Released Claims. Nothing herein shall in any  
21 way impair or restrict the rights of any Settling Party to enforce the terms of this Stipulation or the  
22 Judgment.

23       9. Nothing in this Stipulation constitutes or reflects a waiver or release of any rights or  
24 claims of Defendants and/or CV Sciences against their insurers, or their insurers' subsidiaries,  
25 predecessors, successors, assigns, affiliates, or representatives, including, but not limited to, any  
26 rights or claims by the Defendants under any directors' and officers' liability insurance or other  
27 applicable insurance coverage maintained by the Company. Nothing in this Stipulation constitutes  
28 or reflects a waiver or release of any rights or claims of the Defendants relating in any way to

1 indemnification or advancement of attorneys' fees relating to the Action or the Released Claims,  
2 whether under any written indemnification or advancement agreement, or under the Company's  
3 charter, by-laws or operating agreement, or under applicable law.

4       10. The Court hereby approves the Fee and Expense Amount and Service Awards  
5 and finds that such awards are fair and reasonable.

6       11. Neither the Stipulation (including any Exhibits attached thereto) nor the Settlement,  
7 nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the  
8 Settlement: (a) is or may be deemed to be, or may be offered, attempted to be offered or used in any  
9 way by the Settling Parties as a presumption, a concession or an admission of, or evidence of, any  
10 fault, wrongdoing or liability of the Settling Parties or of the validity of any Released Claims; or (b)  
11 is intended by the Settling Parties to be offered or received as evidence or used by any other person  
12 in any other actions or proceedings, whether civil, criminal or administrative. The Released Persons  
13 may file the Stipulation and/or the Judgment in any action that may be brought against them in order  
14 to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, full faith  
15 and credit, release, standing, good faith settlement, judgment bar or reduction or any other theory of  
16 claim preclusion or issue preclusion or similar defense or counterclaim, and any of the Settling Parties  
17 may file the Stipulation and documents executed pursuant and in furtherance thereto in any action to  
18 enforce the Settlement.

19       12. Without affecting the finality of this Judgment in any way, this Court hereby retains  
20 continuing jurisdiction with respect to implementation and enforcement of the terms of the  
21 Stipulation.

22       13. This Final Order and Judgment is a final, appealable judgment and should be entered  
23 forthwith by the Clerk in accordance with Nevada Rule of Civil Procedure 58 and all other similar  
24 laws.

25                   IT IS SO ORDERED.

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27                   DATED: \_\_\_\_\_

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1 THE HONORABLE TIMOTHY C. WILLIAMS  
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